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ANNUAL REPORT

OF THE

GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS

1926

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING REPORT OF THE GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS, INCLUDING REPORTS OF THE HEADS OF THE DEPARTMENTS OF THE PHILIPPINE GOVERNMENT, FOR THE FISCAL YEAR ENDED DECEMBER 31, 1926

DECEMBER 13, 1927.—Referred to the Committee on Insular Affairs and ordered to be printed

UNITED STATES
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MESSAGE

To the Congress of the United States:

As required by section 21 of the act of Congress approved August 29, 1916 (39 Stat. 545), entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," I transmit herewith, for the information of the Congress, the report of the Governor General of the Philippine Islands, including the reports of the heads of the departments of the Philippine government, for the fiscal year ended December 31, 1926.

I concur in the recommendation of the Secretary of War that this report be printed as a congressional document.

CALVIN COOLIDGE.

THE WHITE HOUSE,
December 13, 1927.

ANNUAL REPORT OF THE GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS

FOR THE YEAR ENDED DECEMBER 31, 1926

OFFICE OF THE GOVERNOR GENERAL,
Manila, May 14, 1927.

SIR: I have the honor to submit the following report for the year ending December 31, 1926:

GENERAL STATEMENT

In the course of numerous inspection trips to all parts of the archipelago I found the people living under better health conditions, generally prosperous and contented, and more than ever appreciative of the benefits of American sovereignty and of the vital importance of free-trade relations with America. These numerous inspection trips are absolutely necessary, in order to see through personal observation how the government is being conducted, especially in the more remote sections of the archipelago; to correct abuses and irregularities and listen to numerous complaints which people will make only to the Governor General in person, and also through public meetings to give the people a chance to voice their wishes. In other words, the protection of those who can not protect themselves against unscrupulous caciques and politicians is one of the gravest responsibilities of the Governor General. These visits are generally made without previous notice, and have a most beneficial effect upon local administration, and through them many cases of grave irregularities and abuse of authority are unearthed which would not be discovered in any other way. Indeed, I consider the personal inspection trips as one of the most valuable aids in securing an honest and effective government. The absolute faith and trust of the average Filipino in the fairness and sense of justice of American officials is indicated by the fact that almost every request for a special investigator to look into complaints and abuses stipulates that the investigator should be an American, if possible. Inasmuch as only about 2 per cent of all government employees are Americans, and as this number includes teachers, policemen, and firemen, it is not usually possible to grant such requests except in the most urgent cases.

Details of the operation of all the departments of the government will be found in the reports of the department secretaries and other documents which are attached as appendices to this report.

From these it will be noted that the government finances are in excellent condition. It has been necessary to write off several million pesos in completing the rehabilitation of the Philippine National Bank and restoring sinking funds and rehabilitating bond funds, but the ordinary budget expenditures have been more than covered by receipts. An unappropriated cash balance of some twelve and a half million pesos was reported at the end of the year. The government is, therefore, upon a strictly cash basis with a substantial surplus. The general prosperity of the country is shown by internal-revenue collections of ₱54,544,432, an increase of about 2 per cent over the preceding year and the largest amount collected in any one year since the American occupation.

There still continues to be a lamentable lack of interest, which is quite general, in the economic development of the islands with their enormous natural resources, as yet almost untouched, and an undue emphasis upon the importance of mere political activity largely serving immediate personal ambitions. There is also a failure to appreciate the fact that further extension in education, health, communications, and public works is largely dependent upon economic progress. Without placing an undue burden upon existing taxable values and business activities, the present income of the government can not be materially increased unless larger taxable values are created and business is extended by the encouragement of the investment of capital, both local and outside.

Crops have been excellent, with the exception of sugar, the value of which dropped some ₱27,000,000 from the 1925 crop on account of unfavorable weather conditions. Prospects are excellent for a bumper sugar-cane crop in 1927, however. This drop in sugar was practically made up by increases in the value of other crops, notably rice and coconuts. The lessened sugar crop and the lower price of hemp reduced the value of exports, but in spite of these a favorable gross trade balance of some ₱35,000,000 was recorded. Customs collections dropped from ₱22,000,000 to ₱21,000,000 due largely to the smaller exports of sugar and the consequent loss of wharfage fees and smaller imports of rice. This last is an encouraging feature, however, indicating the progress made in placing the islands upon a self-supporting basis in so far as food supplies are concerned. The increasing imports of silk, automobiles, iron and steel, etc., indicate the growing prosperity of the people and the importance of the islands as a market. Public order has been excellent, with the exception of a slight disturbance in Sulu and operations which became necessary against groups of defiant Moros in Lanao. A destructive typhoon swept several Provinces south of Manila during November, with considerable loss of life and damage to the coconut industry. Prompt measures were taken for relief by the government, the Red Cross, and the United States Army.

The political situation remains practically the same as for the preceding year. An extract from the 1925 report covering the general situation is attached as Exhibit A. The statements contained therein are descriptive of conditions in 1926.

Certain political leaders continue to stir up opposition to the administration and to misrepresent the purpose and policy of the American Government. This is done largely for the purpose of

getting votes and promoting local political interests. As heretofore, the Filipinos who have the larger permanent welfare of the people in view, and who advocate support of and cooperation with the American administration, are denounced as unpatriotic and as traitors to the Philippine cause. People as a whole, however, are becoming better informed as to the true situation and they are no longer so easily misled. A number of very prominent Filipinos, notably Gen. Emilio Aguinaldo, continue to support the administration openly and strongly and have done a great deal to counteract the activities and destructive policies of those who advocate anti-Americanism and noncooperation. Insular, provincial, and municipal officials have in general shown a spirit of cooperation. So long, however, as the cry that the administration is curtailing local autonomy and endangering the realization of ambitions for a separate political existence will serve vote-getting purposes it will continue to be raised, movements inspired by it will continue to manifest themselves, and ambitious political leaders will use it for the preservation and promotion of personal and party political needs. While the cry is losing much of its potency, the year 1926 saw the effective use of it for the perpetuation of the control of the dominant political party and leader. At the beginning of the year there was formed the so-called supreme national council composed of five members from each of the two political parties. This combination was effected on the plea that the existing local autonomy and the realization of the purpose to attain complete political independence were being endangered by the administration here and in the United States, and that the situation called for the sinking of all party differences and the unification of all elements in one organization under a small compact control. The scope of the combination included not merely questions pertaining to the so-called "national issue" but to all matters of local concern. The dominant purpose of this combination was to preserve the existing political leadership by placing in the hands of these 10 men the direct control of all political matters, including nominations for practically all elective offices and a determination of legislative policies. It was not a movement toward representative government and the building up of well-balanced political parties, which has been regarded as essential to a stable government and which has been from the beginning of American effort here one of the main objects striven for. It was quite the reverse, and created, if not a one-man control, the control of a small oligarchy very largely under the influence of one man. The combination was still in existence at the close of the present year, but there was multiplying evidence that its real significance and danger were becoming appreciated and that its ultimate break-up was impending.

There continues to be a determined effort on the part of certain political leaders to impress upon the American and Filipino people that the Filipinos are being ground down under an arbitrary and despotic government; that they have no effective voice in the management of their local affairs; that they are being displaced by Americans in the service; and that no government really satisfactory to the Filipinos can ever come from Americans. As bearing on the justification for this effort the following extract is pertinent from the report, printed in the Manila papers, of a public address delivered

in March, 1927, before the students and faculty of Manila University, by Representative Claro M. Recto, a prominent leader of the former minority party and a member of the special independence mission sent to the United States in 1924:

> Our people have grievances, and very serious ones, too, against our American rulers. But they are of a political nature. They are grievances against the fundamental rights of every people to establish a government of their own. They are not grievances against the fundamental rights of man. The Filipino masses, desirous as they are of independence of their country, live nevertheless happy and contented, it is claimed by our American observers. They enjoy freedom of speech, of the press, of worship. The sanctity of the domicile and correspondence is respected. They are no longer robbed of their wives, of their daughters, of their homes, of their carabaos by predatory aliens. They have a system of laws which afford them the same chance as that afforded to the higher classes of the community to obtain justice and protection before the courts. They are assured of the fruit of their toil and trade. They go to the polls to elect their municipal presidents, their provincial governors, their senators and representatives. They have a system of schools leading to a State university for the instruction of their children, as well as hospitals and good roads. They travel safely from one point to another in the islands. Public sanitation guards them from plague and disease. They are free from brigandage and their property and rights are carefully safeguarded. If there is misgovernment, the Filipino masses can hardly understand how it can be attributed to the Americans when local and provincial governments are entirely in the hands of Filipinos. Department secretaries, except one, are Filipinos. Senators and representatives are Filipinos. The administration of justice is handled by Filipinos.

DEPARTMENT OF PUBLIC INSTRUCTION

The bureau of education reports show that there have been slight decreases in the total annual enrollment in the number of teachers and primary schools and a slight increase in the intermediate and secondary enrollments. The total annual enrollment decreased from 1,096,758 to 1,061,612. This decrease was anticipated because of the closing of schools in which the attendance did not justify maintenance. This was one of the effects of the overexpansion of several years ago. One-teacher schools had been opened in remote barrios where the enrollment after a number of years decreased to such an extent that the cost of maintaining such schools was prohibitive.

Another factor which caused a decrease in schools, teachers, and enrollment was the fact that this bureau put into effect a regulation that no new classes were to be opened and maintained by voluntary contributions unless a sufficient amount was collected before the schools opened to insure their operation during the entire school year. This regulation was made necessary because of the uncertainty of voluntary contributions. People contributed enthusiastically for the first few months, then failed to do so. The schools would have to be closed after a few months and appeal would then be made to the insular government, which would be unable to render assistance because no provision had been made in the annual appropriation.

Furthermore, the intermediate enrollment increased, and, compared with the primary grades, intermediate classes involve a greater expenditure for salaries, a greater number of teachers, and a greater outlay for equipment.

One important factor in the decrease in enrollment is the raising of the standards with respect to teachers' salaries and educational

qualifications. Although attendance has decreased during the past two or three years, the salaries and educational qualifications have been going steadily upward. The effect of this has been to arrest the numerical expansion of the schools and to cause a slight decrease in enrollment.

There were 25,322 teachers employed in 1926, only 294 of whom were Americans, as against 25,701 in 1925, with 310 Americans. The decrease in American teachers, largely due to inadequate salaries, is to be greatly regretted. The other statistics, however, indicate an effort to carry out the recommendations of the Monroe survey commission by improving the quality of instruction, rather than to continue an indefinite expansion at the expense of efficiency. The appropriations for the year were practically the same as the year before. The appropriation act passed in 1926 contains an increase available in 1927 of ₱1,000,000 for the better operation and maintenance of elementary schools, and approximately ₱700,000 for new school buildings. This will permit a moderate amount of carefully considered expansion under conditions which will insure efficiency.

Reports indicate that 75 per cent of the secondary students are enrolled in the general or college preparatory courses, which is an unsatisfactory situation when the needs of the country and the limited opportunities open to these students upon completion of such courses are considered. However, it is noted that the attendance in the secondary vocational courses is increasing at a more rapid rate than in the general courses.

PRIVATE SCHOOLS

Following the recommendations of the Monroe survey commission, the office of commissioner of private education was reorganized with additional personnel, and vigorous steps have been taken to improve the private-school situation. As a result of closer inspection some of the poorest of the private schools have been closed. While conditions are improved, much remains to be done.

Enrollment increased from 81,884 in 1925 to 88,001 in 1926. Most of this increase is in the secondary grades.

PUBLIC HEALTH

While public-health conditions have steadily improved during recent years and the islands have been kept practically free from the quarantinable diseases, the problem of improving public-health conditions remains one of the most difficult tasks which confronts the government of the Philippine Islands. The difficulties of the problem will be better understood when it is remembered that we have 12,000,000 people scattered among the several thousand islands of the archipelago; that they speak 87 different dialects; that the means of communication are limited, and funds still more so; that there are few doctors and few nurses; that there are large areas without drug stores, and only such medicines can be secured as are distributed through the schools and the Philippine health service. The fact must also be borne in mind that the people for generations have lived

under conditions of indifference toward sanitary matters, and they are still uninformed on this all-important subject; furthermore, local officials are too often ignorant of the importance of sanitary measures and indifferent to the carrying out of the same. For the year 1926 statistical returns available indicate a slight increase in the death rate. This apparent increase is undoubtedly due chiefly to the fact that greater effort was made to obtain records of all deaths, a matter attended with obvious difficulties, especially in remote parts of these islands, partly to an increase in the prevalence of certain communicable diseases.

The cholera outbreak which began in 1925, coincidently with outbreaks at many other points in the Far East, was completely suppressed by the end of March; there were 213 deaths. Final eradication was due to thorough vaccination of the population in the affected areas. More than 2,500,000 doses of cholera vaccine were injected during the year. Dysentery reached epidemic proportions during the rainy season in Manila and in several of the Provinces, causing 8,175 deaths. Epidemics of measles occur here at about five-year intervals. While in 1925 but 423 deaths were recorded, in 1926 there were 2,446.

PUBLIC HEALTH EDUCATION

The continued prevalence of intestinal infection indicates that the greatest need of the people at the present time is proper education along public-health lines. While the Philippine health service attempts to enforce adequate health regulations in all the Provinces, disease can not be controlled by regulations alone. The real solution of the problem, effective health education, must begin in the earlier years of life; health habits must be acquired during the school years.

In order that officers of the Philippine health service and other physicians may be specifically trained in the prevention of disease, an appropriation was approved for the establishment of a school of hygiene and public health in the University of the Philippines. The curriculum will be modeled upon that of the best schools of hygiene and public health in the United States. At the present time but half a dozen of the 420 officers in the Philippine health service have had special professional training in public health. The great need for this school is, therefore, apparent, and it is expected that the appropriation will be continued and increased.

VITAL STATISTICS

The vital statistics for the year 1926 have the same inaccuracies as previously noted. Present conditions make it totally impossible to obtain accurate diagnosis, and in many regions it is impossible to learn of all the births and deaths. Efforts are being continued to bring about improvements; it must be understood, however, that the figures given are merely a compilation of what has been reported. As greater accuracy and completeness are achieved there may be an apparent increase in death rates while general health conditions are actually improving. The following table shows the rates for the city of Manila during 1926 as compared with previous years.

Years	Estimated population	Rates per 1,000 population			Infant mortality per 1,000 births
		Marriages	Births	Deaths	
Average of 5 years ending Dec. 31, 1924	299,754	19.33	44.39	25.77	204.98
1925	312,138	18.17	48.20	23.87	167.02
1926	316,266	18.61	47.08	26.37	165.41

For the Provinces the computed rates are as follows:

Years	Estimated population	Rates per 1,000 population			Infant mortality per 1,000 births
		Marriages	Births	Deaths	
Average of 5 years ending 1924	10,899,825	13.45	33.98	19.11	159.16
1925	11,401,701	14.95	33.99	18.11	150.18
1926	11,568,994	15.40	34.34	20.38	157.12

ANTILEPROSY WORK

The results being attained in the treatment of lepers continue to be most encouraging. During the year 114 more lepers were given their final discharge as cured and 219 who had become negative were paroled; 217 others became negative and are awaiting parole. In the Culion leper colony there are 5,200 lepers.

The Culion medical board and the Philippine Islands leprosy research board have worked out a plan for the management of leprosy which, when it can be put into practice in all its details, will within about 15 years, it is believed, make leprosy as rare here as it is in the United States. Before a treatment for leprosy had been developed the only thing possible in the way of controlling this most horrible of all diseases was to remove and segregate all lepers who could be discovered. When the Culion colony was established its primary purpose was the protection of healthy people by segregating the lepers. The welfare of the lepers was secondary; the only thing that could be done for them was to let them live—and die—in as much comfort as possible among people of their own kind. The Culion colony has served this purpose well. It has, furthermore, given opportunity to a group of devoted physicians to study the disease more intimately and to investigate and apply new methods of treatment. The result is that we now believe a great majority of lepers who come under treatment early in their disease can be made well. Therefore, the new plan has as its fundamental idea the identification, segregation, and treatment of early cases. Segregation in Culion has always been opposed by the ignorant people and fear of removal to Culion has led to lepers being hidden by their friends until the curable stage had long passed. This was unavoidable when there was no cure, but now, with the possibility of recovery, there is every reason for lepers to come in voluntarily and seek treatment as early as their disease can be diagnosed. Local detention and treatment stations will be established in several parts of the islands. These will not be so remote as to make impossible frequent visits by relatives and friends. Connected with these local stations will be skin clinics and dispensaries where early diagnosis can be made.

When local-treatment stations have been established in sufficient number and are in full operation it will not be necessary to transfer to Culion those in the early stages of the disease who are doing well under the treatment given them at these stations. Obviously Culion will not be made any less necessary by this plan for many years. All incurable and far-advanced cases should go there, for they can be happier among people afflicted as they are. In Culion they can live practically normal lives in a leper municipality.

Rehabilitation of cured lepers remains a difficult problem. The island of Culion is large enough to offer facilities for the self-support of several thousand. Before the land can be so utilized, however, there must be roads and there must be water for irrigation. These things will cost considerable sums of money. The establishment and maintenance of local-treatment stations will also temporarily increase the cost of leprosy here. At present the insular government can not be asked to do more than it is now doing; about one-third of the appropriation for public health is being spent on this one disease. This is the reason the people of the United States are being asked to make a contribution of ₱4,000,000 ($2,000,000) for the control of leprosy here.

As I said in my report for 1924, "We were able to eradicate yellow fever and control malaria in Cuba and have freed the Philippines from smallpox and cholera, and wherever our methods have been applied the Tropics are practically as safe as the Temperate Zone. I believe that with proper equipment, necessary scientific personnel, and proper arrangements for the care and treatment of the lepers we can eradicate leprosy in the Philippines and eventually it can be eradicated in other places. The lepers are the most afflicted and unfortunate of God's creatures, and everything that can be done for them should be done. In working for them we are working for lepers throughout the world and in the broadest sense for humanity."

TYPHOID FEVER

Typhoid fever in Manila is each year undergoing a gratifying reduction, as is shown in the following table:

Years	Manila	
	Cases	Deaths
Average of 5 years (1918-1922)	724	229
1923	1,057	270
1924	745	215
1925	587	171
1926	354	91

In the Provinces a large percentage of the deaths from typhoid fever and other febrile conditions are undoubtedly attributed to malaria.

Nowhere in the world has the effectiveness of vaccination against smallpox been more convincingly demonstrated than in the Philippine Islands. In the whole year there were but few sporadic cases and most of these were not definitely determined to be smallpox.

TUBERCULOSIS

No appreciable decrease in the prevalence of tuberculosis is indicated by statistics for the year 1926. The control of this disease depends upon many factors, and even under the most favorable conditions suppression will require years of effort. The control work of health agencies is hampered because tuberculous infection depends largely upon undernutrition. Until economic conditions are improved and until the people are able to buy and know how to prepare a more adequate and better-balanced diet tuberculosis will continue. Incomplete returns attribute 25,619 deaths to tuberculous infections during the year 1926.

The Philippine Antituberculosis Society is continuing its good work. Its sanatorium at Santol, near Manila, is well managed, is clean, and is accomplishing excellent results. The first Philippine tuberculosis congress was held during the year. Such congresses are valuable in proportion to the frankness with which actual problems are discussed.

MALARIA

Malaria is the most disabling disease in the Philippine Islands. It does not kill its numerous victims quickly but incapacitates them for work. A large percentage of children in the schools of malarious districts are lowered in their power of application and grow up to be dull and ignorant people. With the facts now at hand it seems possible to control malaria or to reduce its prevalence greatly through destroying the malaria-carrying mosquitoes in their larval stages. For the year 1927 a fund of ₱100,000 was made available to continue demonstration work throughout the islands. This fund will be expended chiefly for instruction and supervision; the localities benefited will furnish labor and materials. It is reported that during the year there were 20,640 deaths from malaria. This number is, of course, far beyond the actual number of people who died of malaria. Deaths from other febrile conditions are called malaria due to lack of knowledge and of diagnostic methods.

In many parts of the islands there is extensive territory without a drug store or other place where the people may purchase quinine. For this reason a revolving fund was created for the purchase of quinine to be sold to the people at cost through the school-teachers.

BERIBERI

Beriberi continues to be one of the serious diseases of the Philippine Islands. Like tuberculosis, it depends upon the poverty and results from the ignorance of the people. Incomplete figures give 16,483 deaths from this disease.

The campaign for the eradication of yaws is continuing, 14,752 cases being treated.

HOSPITALS

During the year two more provincial hospitals were constructed under the provisions of Act No. 3114 as amended by Act No. 3168.

There are now in actual operation six hospitals constructed under this act, having a total bed capacity of 181. Mission hospitals are continuing to do good work. There is no more laudable method by which those who contribute to missions may have their money spent than through the construction and maintenance of hospitals in districts where the people are too poor to build and maintain their own. Especially needy in this regard is the great northeastern section of the island of Luzon and the eastern coast of Samar. A fine new 50-bed mission hospital was completed in Cagayan, Misamis, during the year. The total bed capacity of all hospitals in the islands is now 5,616, of which 3,726 are in hospitals located in and near Manila.

BUREAU OF QUARANTINE SERVICE

The bureau of quarantine service was administered under the direction of an officer of the United States Public Health Service detailed for duty as quarantine officer at the port of Manila. The primary function of this service is to prevent the introduction of quarantinable diseases into the Philippine Islands by means of vessels. The most important of these diseases—cholera, smallpox, and plague—were all present in more or less virulent form during the past year in many countries near the Philippine Islands. Vessels arriving from neighboring foreign ports where quarantinable diseases are present or have quarantinable diseases within the radius from which the crews and passengers are recruited are the islands' greatest menace. Fortunately, no serious epidemic of any quarantinable disease occurred in the Philippine Islands during the year 1926. Two new ports of entry, Legaspi and Davao, were opened to vessels from foreign ports during the year.

THE UNIVERSITY OF THE PHILIPPINES

This institution is administered by a board of regents consisting of the secretary of public instruction as chairman, the director of education, the chairman of the senate committee on public education, the chairman of the house committee on education, the president of the university, three persons appointed by the Governor General with the approval of the Philippine Senate, two elected by the alumni, and one by the faculty of the university. Beside a small income from tuition and incidental fees, the institution is maintained by a direct annual appropriation by the legislature. This was increased from ₱1,680,000 in 1925 to ₱1,800,000 in 1926. It was also provided that the money received from tuition and incidental fees, amounting to approximately ₱250,000, should constitute a special building fund. Out of savings from operation and this building fund substantial progress was made in improving the housing of the institution and the improvement of the grounds. The initial steps were also taken for the erection of a much-needed building for the library and an addition to the college of medicine. A special appropriation of ₱100,000 was made for repairing the damage done to the

buildings of the college of agriculture by a typhoon and for the erection of some additional buildings.

There were 4,304 students of collegiate standing enrolled during the year as against 3,969 in the preceding year. In the conservatory of music, the school of fine arts, the school of forestry, the school of nursing, and the demonstration school of the college of education there were enrolled 1,676 students of subcollegiate grade.

As pointed out by the educational survey of 1925, the university, like the bureau of education, has suffered from overexpansion. There has also been undue elaboration and multiplication of courses with consequent overlapping and lack of proper coordination. Some progress was made during the year in correcting these deficiencies but much still remains to be done.

The junior college at Cebu, a branch of the university, established several years ago, was discontinued. Due, however, to the insistence of the people of Cebu, the regents consented to continue the branch on condition that the provincial board of Cebu would provide a suitable site and ₱100,000 for a building and an annual contribution of ₱30,000 for operation. These conditions were met.

The board of regents has been desirous of securing the Federal aid which is provided by acts of Congress for aid in agricultural experiment stations and have passed appropriate resolutions memorializing the legislature to take the steps necessary to meet the conditions for this aid. In view of the great importance of agriculture to the people of the Philippines and of the great benefit which this Federal assistance would bring, it is regretted that the essential preliminary legislative action has not been taken.

DEPARTMENT OF THE INTERIOR

This department has general supervision over the activities of the provincial and municipal governments exercised through the executive bureau and the bureau of non-Christian tribes. During the year it has been necessary to take disciplinary action against several provincial and municipal officials for abuse of authority. Act No. 3335, passed by the legislature during the last session, provides for a revolving fund of ₱3,500,000 for loans to Provinces and municipalities for public improvements. In addition seven Provinces were authorized to issue bonds totaling ₱3,363,500 for permanent public improvements on a clear showing of their capacity to pay the interest and provide adequate sinking funds. The executive bureau's report also shows a very encouraging and healthy financial condition among the local government organizations. The land taxes accruing to the provincial and municipal governments are reported as having increased from ₱9,329,000 in 1925 to ₱11,024,000 in 1926, and the assessed value of taxable property in the 39 Provinces under the executive bureau was ₱1,286,071,691, an increase of over ₱30,000,000. Similar increases were reported in the nine Provinces under the bureau of non-Christian tribes.

PHILIPPINE CONSTABULARY

During the year the constabulary engaged in field operations in various sections of Mindanao and the Sulu Archipelago, in the suppression of organized defiance of law and order by recalcitrant Moros and others. Successful quarantine service on a considerable scale to check the spread of animal diseases was rendered in Northern Luzon.

Early in the year a system of decentralization of administration with centralization of policy was reintroduced in the service by dividing the islands into four constabulary districts, each under the command of an assistant chief (colonel or lieutenant colonel). This system promotes prompt and direct action, gives senior officers of long experience opportunities to assume and apply appropriate responsibility and authority, and facilitates mobilization when and where required. This system was established by Gen. H. T. Allen in 1901, and was successfully continued until 1918, when it was dropped owing to shortage of experienced field officers.

Brig. Gen. Rafael Crame [1] commanded the corps throughout the year. During the latter part of the year General Crame's health began to fail, and much of the responsibility of command fell upon Col. C. E. Nathorst, chief of staff.

The authorized strength of the corps at December 31, 1926, was 396 officers and 6,325 enlisted men. There were 52 provincial commanders, 132 companies, and 1 artillery platoon. These forces occupy 162 stations, strategically placed with a view to the preservation of law and order and loyalty and obedience to sovereign authority. During the year 12 commissions (third lieutenants) were given to American candidates. These were carefully selected from noncommissioned officers of the United States Army. Some of them had held emergency commissions and served with credit in the World War. After graduation at the constabulary academy they were assigned for duty in the Moro or pagan areas. So far, with scarcely an exception, they have done remarkably well. In this connection I wish to express my appreciation of the hearty cooperation of the department commander in encouraging some of their most promising noncommissioned officers to seek careers in the service of the insular force.

Plans are being studied for the establishment of the nucleus of a "constabulary officers' reserve" and for the expansion and mobilization of the constabulary in event of sudden emergency. These plans are merely for the purpose of keeping the force up to a high standard of military-police efficiency. They indicate no apprehension of any immediate meance. They will involve no appreciable expense.

Provision for the detail of two or three selected Army officers of field rank to serve as inspecting officers of constabulary is exceedingly desirable. Such officers could do much to raise the level of discipline, tactical training, and military organization in the corps. They would also be valuable in establishing and maintaining a close liaison between the insular intelligence service (which has very wide

[1] General Crame died Jan. 1, 1927. Colonel Nathorst was appointed to succeed him (with rank of brigadier general), effective Jan. 2, 1927.

ramifications) and the Army and Navy. For purposes of investigation they would be invaluable to this office.

The cost of maintenance of the constabulary during the year was ₱4,936,277.30, a slight increase over the preceding year, due partly to a general increase in rental values throughout the islands and in part to movements of troops for the purposes of field operations and extensive quarantine service.

In May field operations developed against groups of defiant Moros of Lanao, which resulted in the capture of six entrenched cottas. About 70 Moros were killed. Others were wounded or captured. The constabulary casualties were 6 enlisted men killed, 4 officers and 32 enlisted men wounded.

Mindanao-Sulu.—In September a constabulary detachment had an encounter with a small band of Moro outlaws in South Ubian, Tawi-Tawi. Eight Moros were killed and the rest captured. The constabulary losses were 3 killed and 5 wounded.

CITY OF MANILA

The administration of the city has been excellent, thanks to a very efficient mayor. The finances are in good shape, and a large increase in the number and value of new buildings was noted. Much has been done to beautify the city through the activities of the metropolitan civic commission. For the purpose of improving the water supply of Manila and surrounding towns, the metropolitan water district was authorized to issue bonds in the amount of ₱12,000,000. Work on the addition to the present water system is now well under way and when completed will insure an ample water supply for 50 years, allowing for a rapid increase in population and a large per capita consumption of water. The police force of the city is one of which any large city might well be proud. Much has been done to diminish crime and control vice. Credit for this condition is largely due to a very able chief of police.

DEPARTMENT OF FINANCE

As stated earlier in this report, the general financial condition of the government is excellent. The remaining amount of the losses incurred several years ago through the Philippine National Bank and mishandling of sinking and reserve funds was finally written off during 1926, the bulk of it having been written off in previous years. The bank and sinking funds are now on a firm basis and the government's budget is balanced with an unappropriated cash balance of ₱12,500,000. This condition has been brought about by following a policy of rigid economy for the past six years. Business conditions are excellent. The following statistics show the main features of the government's financial condition and the generally prosperous condition of the country.

	1925	1926	Per cent increase (+) decrease (−)
Total budget revenues (actual)	₱79,365,900.64	[1] ₱78,164,590.13	−1.5
Total budget revenues (estimated in budget)	70,830,900.00	74,027,800.00	+4.5
Total budget expenditures (actual)	70,163,641.52	[2] 90,699,839.84	+29.2
Total budget expenditures (estimated in budget)	67,664,770.00	69,561,754.00	+2.8
Total budget surplus	44,744,959.10	[3] 32,209,719.39	−38.9
Amount received from income tax	3,282,642.86	3,887,567.52	+18.4

[1] Due principally to a decline in customs duties.
[2] Includes following extraordinary expenses:

Rehabilitation of sinking funds	₱5,755,191.68
Restoration of bond fund (rehabilitation of Philippine National Bank)	11,811,380.11
Special loan fund (Act No. 3335)	3,500,000.00
Total	21,066,571.79
Which leaves ordinary budget expenditures amounting to	69,633,258.05

[3] From the surplus of ₱32,209,719.39 on Dec. 31, 1926, there are items to be deducted amounting to ₱19,627,240.09, thus leaving a net unappropriated surplus of ₱12,582,479.30. The items to be deducted consist of the following:

Balance of outstanding appropriations	₱3,822,518.55
Continuing assets, net	9,763,840.67
Advance to money-order fund	6,040,880.87
Total	19,627,240.09

Comparative statement of total trade with leading countries for 1925 and 1926

	1925	1926	Per cent increase (+) or decrease (−)	Rank	
				1925	1926
United States	₱356,685,049	[1] ₱343,157,666	−3.94	1	1
United Kingdom	35,946,435	24,757,883	−45.19	2	3
Japan	33,625,252	37,845,608	+12.55	3	2
China	20,867,838	19,619,576	−6.36	4	4
French East Indies	13,078,978	9,187,173	−42.36	5	7
Germany	10,195,648	12,698,917	+24.55	6	5
Spain	10,120,507	9,892,602	−2.30	7	6
Australia	7,797,694	7,385,269	−5.58	8	10
British East Indies	7,688,521	7,707,608	+2.24	9	9
Dutch East Indies	7,196,713	6,023,761	−19.47	10	11
France	6,463,893	8,367,754	+29.45	11	8

[1] Due to decreased sugar crop.

Ten principal exports

	1925	Per cent of total	1926	Per cent of total	Per cent increase (+) or decrease (−) over 1925
Sugar	₱91,028,005	30.00	₱64,459,268	24.00	−29.18
Hemp	71,043,292	24.00	[1] 64,284,076	23.00	−9.51
Coconut oil	39,640,377	14.00	44,690,433	16.00	+12.73
Copra	31,737,405	11.00	37,173,465	14.00	+17.12
Tobacco products	18,904,889	6.00	17,263,163	6.00	−8.68
Embroideries	9,143,349	3.07	11,907,802	4.35	+30.23
Maguey	6,381,792	2.14	4,766,840	1.74	−25.30
Hats	4,741,898	1.59	3,123,345	1.14	−34.13
Lumber	4,252,759	1.43	5,105,621	1.86	+20.05
Copra cake and meal	3,396,928	1.14	3,472,447	1.27	+2.22

[1] Due to decrease in price rather than quantity.

The principal imports

	1925	Per cent of total	1926	Per cent of total	Per cent increase (+) or decrease (−) over 1925
Cotton and its manufactures	₱55,196,619	23.05	₱56,470,119	23.65	+2.30
Iron and steel	17,442,913	7.28	18,759,153	7.86	+7.54
Mineral oil	17,114,621	7.13	17,396,863	7.30	+1.64
Meat and dairy products	10,938,943	4.27	11,910,837	4.99	+8.88
Wheat flour	11,213,350	4.68	9,724,101	4.08	−13.28
Automobiles, parts, and tires	9,212,313	3.85	10,444,942	4.38	+13.38
Paper	6,813,821	2.84	7,016,408	2.94	+2.97
Silk	5,615,807	2.34	7,092,855	2.97	+26.30
Coal	4,284,027	1.79	5,233,583	2.19	+22.16

Total trade of Philippine Islands, 1925–26

	1925	1926	Decreased value	Per cent
Imports	₱239,465,667	₱238,597,984	₱867,683	−0.36
Exports	297,754,410	273,768,639	23,985,771	−8.76
Total	537,220,077	512,366,623	24,853,454	−4.85

Government in business.—The situation with regard to the investment of the government in the various business enterprises in which it embarked prior to 1921 remains practically as in former years. Some of the companies, notably the Manila Railroad Co., the Philippine National Bank, the Cebu Portland Cement Co., and the Manila Hotel Co., have shown some profit, but none of these companies have ever paid a dividend on the government's stock investment, with the exception of two small dividends paid by the hotel company several years ago. The bank, however, redeemed ₱3,000,000 of its circulated notes in 1926 and also set aside ₱3,097,000 as a reserve fund. The railroad reimbursed the government in part for the amounts advanced by the government under its guaranty to meet the interest on railroad bonds and redeemed some of its outstanding bonds. Most of its earnings, however, were absorbed in betterments. The government, through the Philippine National Bank, still has enormous sums invested in the sugar industry and the prospect of a complete liquidation of most of these investments is still remote. The National Coal Co. is bankrupt and its operations have ceased entirely.

For many years it has been the opinion of well-informed men in the Philippine Islands and the United States that the various acts of the legislature creating a board of control composed of the Governor General, the president of the senate, and the speaker of the house of representatives for the management of these companies and voting the government stock in the same were illegal in that they were a violation of the organic act which places supreme executive control in the hands of the Chief Executive. After mature deliberation, therefore, this question was referred to the Attorney General of the United States and the Judge Advocate General of the United States Army for an opinion as to the legality of the board of control.

Their opinions, which are attached as Exhibit B to this report, confirmed the long-held belief that the board of control was illegal and consequently an executive order (Executive Order No. 37, November 9, 1926) was issued abolishing the board of control and placing the entire responsibility of voting the government stock in these enterprises in the hands of the Chief Executive. This executive order is also attached as Exhibit C. As was to be expected, this order met with opposition on the part of the president of the senate and the speaker of the house of representatives and, in order to settle once for all this important question, legal proceedings were instituted to determine its legality. The question is now being considered by the local supreme court and a decision is expected in the near future.[1a] Regardless of the outcome of these proceedings, it is clear that the government should get out of business at the earliest possible date consistent with the protection of the government's interests, as recommended in previous reports and messages to the Philippine Legislature.

Immigration.—There are loopholes in the present immigration law which are constantly taken advantage of by a large number of Chinese. The law regarding the return of Chinese who were born in the Philippine Islands is such that it is possible, by forging birth certificates and coaching the applicants carefully, to bring in illegally a great many. The system should be changed to provide for an immigration commission and to provide a more effective system of checking up re-entries and to provide for registration of all Chinese. The law should also be so modified as to provide in addition to deportation of Chinese illegally coming into the country for the imposition of a heavy penalty in the form of a fine and imprisonment. Such legislation, which is earnestly desired by the Filipinos, is being considered and will probably soon be enacted. The Filipinos are strongly opposed to unrestricted Chinese immigration.

Harbor board.—The operations of the Manila Harbor Board have continued to be most satisfactory. The handling of cargo and general management of the harbor rests in the hands of this board, and it is rendering excellent service to both the shipowner and the shipper, and the former report this to be the cheapest and most efficient port in the Orient for handling cargo.

DEPARTMENT OF JUSTICE

The supreme court has set the lower courts a good example by keeping their docket well cleared. The court disposed of 1,686 cases during the year as against 1,658 in 1925, with 6 cases pending decision and 868 pending submission at the end of the year as against 56 cases pending decision and 670 pending submission at the end of 1925.

During the year this department suffered a great loss in the death of Judge Adolph Wislizenus, who had rounded out a quarter of a century of most valuable service on the Philippine bench, and in the retirement for age of Judge Vicente Nepomuceno, also with a long and efficient record.

[1a] A decision was rendered on April 1, 1927, sustaining the action of the Governor General on all points.

Judge Wislizenus was replaced by an American attorney of long experience and excellent reputation. It is intended to continue appointing American judges until a reasonable proportion of judges are Americans. At the end of the year there were only two Americans out of a total of 55 judges and auxiliary judges of first instance.

The courts of first instance disposed of 22,901 cases out of a total of 46,210 docketed as against 23,056 cases from a total of 45,892 in 1925. This large number of pending cases, which is one of the gravest problems problems confronting the government, is largely due to frequent and unnecessary delays due to postponements, which are granted for trivial reasons or on account of political pressure. Equally responsible are the extremely long vacation periods enjoyed by judges. They receive an average of three months' leave with pay each year as against approximately one month for other government employees, including accumulated leave. In view of the congested condition of the dockets of the courts of first instance steps will be taken to curtail leave privileges of judges who are behind in their work.

Charges were filed during the year against several judges of the courts of first instance for neglect of duty, delay, etc. Most of these charges were, in my opinion, well founded, and they were referred to the supreme court, which alone has jurisdiction in dealing with charges against judges of first instance. Charges were also filed against 207 justices of the peace, many of which were not sustained. Twelve of these were suspended and 14 removed from office, with several cases pending at the end of the year. Many charges are made anonymously for the reason that the complainant fears with good reason to make himself known, and it is very difficult to secure definite proof of abuse of authority even when there is a practical certainty that abuses exist. In addition, many incumbents are so strongly intrenched and backed by such powerful local influence that the poorer class of people consider it worse than useless to even protest, and suffer in silence.

The administration of justice is not such that the public generally has confidence that personal and political influence do not carry weight with the courts. At present there is a very general conviction that these do carry undue weight. This is particularly true in the justice of the peace courts and in some of the courts of first instance. There have been cases of delay in some instances which were scandalous.

In the appointment of justice of the peace every effort is made to secure men of good character and attainments, but it is very difficult to secure men who do not have some personal or political obligations.

On the whole, it is felt that the administration of justice in the islands still leaves much to be desired. The situation has greatly improved, but is still far from satisfactory. Its ultimate solution lies in a more thoroughly enlightened and vocal public, conscious of and jealous of its rights and privileges, and secure in the knowledge that a strong central government stands ready to insist upon an impartial enforcement of the law.

The general land registration office issued 1,758 decrees in ordinary land cases and 36,158 in cadastral cases as against 1,754 and 30,618 in 1925.

The public service commission was reorganized by Act No. 3316 of the legislature creating three commissioners where only one had served before, and every effort is being made to maintain a high standard of efficiency in this important body.

The prison population, under the direct charge of the insular government, at the end of the year was 7,227, an increase of 494 over the previous year. This increase was largely due to the greater number of prisoners transferred from provincial to insular prisons and to the fact that there were 219 fewer prisoners released by reason of expiration of sentence. Of these prisoners 2,360 are at San Ramon and Iwahig penal colonies, where they live under excellent health conditions. The prisons derive an income of over half a million pesos from their industrial activities, principally in the production of their own food supplies, which makes the net cost of each prisoner per year almost exactly 100 pesos ($50).

A serious defect in the administration of justice is found in the combination of the functions of provincial sheriff with the functions of the provincial governor. Frequent and well-founded complaints are made that the governor as sheriff fails, by reason of political considerations, to execute promptly the processes of the court. Moreover, as sheriff the governor is in charge of the provincial jails, which are often very poorly maintained. Repeated efforts have been made to secure legislation separating the functions of sheriff from those of governor and placing the former in the hands of the provincial commander of constabulary, an officer prohibited from taking part in political activities. These efforts, however, have thus far not been successful.

The policy of granting executive clemency in deserving cases was continued during the year. All applications for pardon are carefully reviewed by the board of pardons and instances of reconviction after pardon are rare. A report by the secretary of the pardon board, which gives details as to the workings of the pardon board, is attached as Exhibit D.

AGRICULTURE

The area planted to the leading crops showed a 2 per cent decrease. but the value of the six leading crops was ₱482,468,000, a decrease of about ₱1,500,000 from 1925, due principally to a sugarcane crop which was below the average on account of adverse weather conditions.

The locust situation showed improvement during the year, due to more efficient inspection methods and control.

The number of cases of rinderpest reported showed a 30 per cent decrease from the preceding year, due largely to the increased use of vaccine.

Anthrax cases numbered 659 against 591 in 1925 and about 4,000 in 1924. This disease occurs now in sporadic form only.

Rural credit associations have continued their good work. There are certain defects in the law authorizing their organization which, if corrected would greatly increase their helpfulness to the class of people they were originally organized to help.

The possibilities of the Philippine Islands as a field for rubber production continue to arouse interest both in local quarters and in the United States. In an effort to interest the small farmer in rubber production, funds were provided at the last session of the legislature for the distribution of free rubber seedlings. With these funds the bureau of agriculture has distributed 88,000 seedlings and has available for further distribution approximately 400,000 more. It is too early to comment upon the effectiveness of this plan for interesting the small farmer who usually knows nothing whatever about rubber cultivation.

In addition investigations have been made by representatives of several large rubber corporations from the United States with a view to establishing plantations here. They are usually enthusiastic over the possibilities from the standpoint of natural conditions, but, under the present public-land laws, which limit the area of public lands which may be granted to one corporation to 2,500 acres, are unable to secure tracts of land large enough to interest them. There are no restrictions upon the acreage which may be obtained by a corporation by means of purchase of privately owned land, however. Soil and climatic conditions are excellent and there is believed to be enough suitable land in the Philippines to supply in great part if not wholly the rubber needs of the United States.

PUBLIC LANDS

The progress made in the matter of surveys as a necessary step toward the improvement of land titles is shown in the following table. The number of decrees of title issued is given in the report of the secretary of justice.

Surveys completed	During 1925		During 1926	
	Lots or parcels	Area in hectares	Lots or parcels	Area in hectares
Cadastral surveys	38,153	126,257	75,631	180,350
Private lands	12,755	70,678	14,425	68,164
Public lands	3,919	41,609	1,882	20,017
	54,827	238,544	91,938	268,531

The progress made in settling and utilizing the public domain was as follows:

	1925	1926
Homestead applications	8,105	13,473
Entries approved	2,526	2,054
Patents issued	1,727	1,572
Standing applications pending action	45,621	55,021

Cadastral surveys have been made of a total of 618,331 lots with an area of 2,150,277 hectares since 1910, when the first cadastral projects were issued.

BUREAU OF FORESTRY

Exports of lumber totaled 62,709,600 board feet, valued at over ₱5,000,000, as against exports of slightly over 52,000,000 board feet in 1925. Almost exactly 50 per cent of this went to the United States, the greater part of the balance going to China and Japan. The popularity of Philippine lumber is fast increasing in these two countries and an enormous business will no doubt be developed in the near future.

BUREAU OF SCIENCE

The bureau of science continued to render most valuable service to the insular government and to the public generally. Created primarily for the investigation of problems affecting the welfare of the people, this bureau is a financial as well as a scientific asset. Its total expenses during the year were ₱665,718.32. If from this sum the actual cash receipts amounting to ₱377,154.31 be deducted, there is left ₱288,564.01, which represents the cost of the bureau to the government. Upon this investment the bureau did ₱1,957,246.90 worth of free work, or a return of ₱6.78 for each peso expended.

Among the more important accomplishments during the year were the preparation of large amounts of antidysentery serum and cholera and typhoid vaccines which were furnished to the Philippine health service; the production of nearly 50,000 bottles of tikitiki extract, given away free for the prevention and treatment of beriberi; the stocking of Laguna de Bay, Cagayan Valley River, and other lakes and rivers with edible fish; important research upon the deterioration of hemp fiber; and demonstration work in home canning and food preservation. The production of serums and vaccines for the cure and prevention of disease should never be hampered through lack of necessary personnel, equipment, and supplies during such emergencies as the prevalence of epidemics. Adequate funds should always be available for such purposes, and a reimbursable fund is needed for the preparation of serums and vaccines. The continued prevalence of beriberi indicates that the facilities of the bureau of science for the preparation of tikitiki extract are still inadequate. A special appropriation is needed in order that this part of the work of the bureau of science may be greatly increased.

The Philippine Journal of Science, published by the bureau, continued to maintain its high place among the scientific periodicals of the world. The library of the bureau now contains nearly 50,000 bound volumes and 40,000 unbound pamphlets and reprints. It is thus rapidly becoming one of the most complete and valuable scientific libraries in the East.

The United States Army Medical Department Research Board continued to occupy laboratories in the bureau of science. The work carried on by this board during the year will prove to be of great value to the people of the Philippine Islands. Fundamental research work upon beriberi was carried on; it was demonstrated for the first time that the fly *Tabanus striatus* transmits the disease surra; important improvements were made in the production of rinderpest vaccine. Through the investigations of Capt. R. A. Kelser, Veterinary Corps, United States Army, it is now possible to produce a

sterile rinderpest vaccine within five days; the former method required as a rule more than six weeks. The importance of such time factor in the midst of an epidemic can scarcely be exaggerated.

BUREAU OF PUBLIC WORKS

This bureau is charged with the supervision and maintenance of all public works and the expenditure of all insular, provincial, and municipal funds for public works. It supervised an expenditure of practically ₱22,000,000 for public works during the year.

There was an increase of 182 kilometers in the amount of first-class roads. More than 60 per cent of road funds were used for road maintenance, due to the increased use of heavy motor vehicles over roads not designed for such heavy traffic. It is rapidly becoming evident that it will soon be necessary to construct concrete or asphalt roads in regions where the traffic is heaviest. A road into Bontoc Province is now open for automobiles and trucks, and the overland route from Manila to Aparri at the northern extremity of Luzon through the Cagayan Valley is now in good condition nearly the entire distance during the greater part of the year.

The bureau also drilled 81 successful artesian wells and opened up 21 municipal water supply systems.

The most important building completed by the bureau during the year was the new building designed for the use of the Philippine library and museum and the legislature, finished at a total cost of ₱4,075,000. Work was started upon a large 13-span steel bridge on the Manila North Road in the Province of Pangasinan. The legislature also authorized the issuance of bonds by the Province of Nueva Ecija to construct a bridge at Cabanatuan. The construction of these two bridges will improve communications with the northern Provinces.

During the year a contract was let for the construction of 1,180 meters of breakwater in Manila Bay, completing the inclosure of the south harbor and the second half of Pier 7, was brought to completion. Pier 5 was also improved by the construction of a heavily reinforced concrete deck. These improvements will be of inestimable value to shipping, and making Manila the best equipped and most economical port in the Orient.

Four large irrigation systems were opened during the year at a total cost of almost ₱7,000,000, irrigating a total area of 33,000 hectares (82,500 acres). This is the largest area placed under irrigation in any one year since the inception of the government irrigation program.

BUREAU OF POSTS

This bureau made commendable progress, showing a slight increase in revenues and a decrease in expenses with a net operating surplus of ₱1,012,544.59. All government departments, however, pay the usual rates of postage. The postal-savings bank registered an increase in both the number of depositors and the amount of deposits. The bureau now operates 37 radio stations, and there are 32 interisland vessels equipped with radio apparatus.

INTERISLAND SHIPPING

Conditions in interisland shipping continue to remain most unsatisfactory, but it has been impossible to interest the legislature in remedial legislation. The ships in use are too few in number and generally obsolete in type. Efforts have been made to secure authority from the legislature for long-established shipping companies to replace ships lost during the war, but without success. The present law forbids any shipping company, not owned by American or Filipino capital to place any new ships in service or to replace any that are lost. The freight rates are so high that the economic development of the more remote districts is seriously crippled. This condition is being met in some degree by the opening of additional ports of call for foreign and American shipping which enables shippers to send their products direct to foreign markets without the necessity of costly transshipment to Manila.

LABOR

Labor in the Philippine Islands is in general well paid, prosperous, and contented. There are comparatively few strikes.

COAST AND GEODETIC SURVEY

The coast and geodetic survey continued its excellent work in charting the waters of the Philippine Islands. During the year Lieut. Commander H. A. Seran, who had rendered most efficient service and shown a commendable spirit of cooperation with the officials of the Philippine government, was relieved by Lieut. Commander R. B. Dericksen.

BUREAU OF AUDITS

The bureau of audits has continued to be one of the most efficiently conducted bureaus in the Philippine government service. The insular auditor has been hampered in some degree by legal proceedings attempting to wrest certain of his powers from him. Legislation has been introduced into the United States Congress with a view to clarifying his duties and strengthening his hand. The enactment of such legislation is highly desirable.

BUREAU OF CIVIL SERVICE

This bureau has been ably and efficiently handled. The following table shows the total number of civil-service employees for 1925 and 1926:

	1925	1926
Americans	506	462
Filipinos	16,339	17,756
Total	16,945	18,218

The decrease in Americans was due mainly to the fewer number of American teachers employed, and the increase of Filipinos was due mainly to the change of status from temporary to permanent appointment of employees of the bureaus of health, education, public works, and the provincial governments.

There was a turnover of 8 per cent among all civil-service employees, but the turnover among American employees was 24 per cent. This is caused by the fact that most American teachers are engaged under a two-year contract. Steps should be taken to make the service more attractive for American teachers in order to retain them longer in the service.

There were 139 removals for cause as against 116 in 1925.

LEGISLATION

One hundred and twenty-two bills were passed by the legislature, of which 78 were approved and 44 were vetoed.

The Governor General is required to act on all bills submitted to him within 30 days after the legislature closes, and as official English copies of more than half the bills passed were received during the last two weeks of this time it became necessary to veto several bills because of lack of time for conference and study of their details. Copies of all veto messages have already been transmitted. Nearly all vetoes were because of serious defects or unconstitutional provisions. This unsatisfactory condition was largely due to the rushing through of a large number of bills during the last hours of the session without opportunity being given for their careful consideration. This delay occurs every year and often prevents desirable legislation from being approved. The law should be amended to give the Governor General ample time for a careful study of all bills which come before him for approval. There is attached as Exhibit E a table analyzing all executive vetoes since 1922.

During the year Hon. Carmi A. Thompson was sent by the President to the Philippines for the purpose of making a general survey of the situation, especially the economic features of it. He was in the islands about three months and visited southern and central portions of the archipelago as well as various places in Luzon. He was given every assistance in making his observations and furnished automobile and rail transportation by the insular government; for his sea transportation a coast guard cutter was turned over to himself and party, which took him to various parts of the archipelago. All bureaus and departments were directed to furnish him any information he might desire concerning the activities under their charge, and an immense amount of information was gotten together for him. At his request he was accompanied on all his trips by one or more of the Governor General's assistants and his adviser in public health. These Army officers who, with the exception of the adviser in public health, had had long service in the islands, beginning with the insurrection, and were familiar with conditions, were of great assistance in putting him in touch with the situation and generally aiding him in carrying out the purposes of his visit. The results of Colonel Thompson's observations are embodied in a report which has been submitted to the President.

Among other distinguished visitors who came during the year was the Hon. Henry L. Stimson, formerly Secretary of War, who has been for many years deeply interested in Philippine affairs, the islands having come under his supervision for a number of years while he was Secretary of War. He visited various parts of the archipelago and showed keen interest in familiarizing himself with conditions.

Former Ambassador Henry Morgenthau also visited the islands during the year and spent a number of weeks in Manila and vicinity, showing great interest in studying insular conditions.

As a rule, the department secretaries and bureau directors have discharged their duties with their customary diligence. I wish in particular to acknowledge the assistance rendered by the vice governor, the Hon. Eugene A. Gilmore, who has at all times loyally cooperated with the Governor General.

I wish also to acknowledge the loyal cooperation and assistance rendered by Rear Admiral Sumner E. W. Kittelle, commandant of the Sixteenth Naval District, and Maj. Gen. Fred W. Sladen, commanding the Philippine Department of the United States Army. These two officers have always stood ready to do everything in their power to assist the Governor General in upholding the prestige of the American Government in the Philippine Islands.

The attached staff, Brig. Gen. Halstead Dorey; Col. George T. Langhorne; Maj. Arthur P. Hitchens, Medical Corps, adviser in public health matters; Maj. Burton Y. Read, aide de camp; and Lieut. Col. R. A. Duckworth-Ford (Philippine Constabulary), aide de camp; and Lieut. H. A. Meyer, all rendered faithful and efficient service. During the year Lieut. Col. R. A. Duckworth-Ford was sent to the Hawaiian Islands for the purpose of investigating and reporting upon the conditions under which the 30,000 or more Filipino laborers upon the sugar plantations are living. His report shows conditions are generally excellent. Colonel Duckworth-Ford was afforded every facility for observation by the governor and other officials of the Territory.

I also wish again to express my appreciation of the faithful and efficient service rendered by the personnel of the Governor General's office, especially of my secretaries, Mr. C. W. Franks and Mr. R. R. Ely, all of whom have worked cheerfully and efficiently, regardless of hours, whenever there has been need of extra service.

Very respectfully,

LEONARD WOOD,
Governor General.

To the honorable the SECRETARY OF WAR,
Washington, D. C.

EXHIBIT A

EXTRACT FROM THE REPORT OF THE GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS FOR THE YEAR 1925 REGARDING POLITICAL CONDITIONS

During the year there were no political occurrences of importance other than the general elections, which were conducted in an orderly manner throughout the islands. There has been little or no political agitation outside of Manila. As I have stated, the people are contented and happy. I know no people who are more so.

As stated in previous reports, there are no sharp, well-defined party issues. Political issues here are generally questions of personal leadership.

Despite the efforts of certain political leaders to foster noncooperation and to cause the people to believe that they are being unjustly treated, there has been no response to these efforts on the part of the people. That they have not responded is highly creditable to their good sense and loyalty and is indicative of their contentment and satisfaction with the existing government. Had they not been loyal and contented, the efforts of these agitators might have caused some trouble.

The legislature has cooperated in the conduct of the government by enacting considerable useful legislation, confirming the great majority of appointments, passing the budget without substantial change, and by making appropriations for public works and other improvements.

Many measures recommended by the executive have not been enacted into law and a considerable number of appointments made were not confirmed. But this is not a situation in any way peculiar to the Philippine Islands. It is true that some of the more important appointments were not confirmed, but failure to confirm has not been permitted to interfere seriously with the efficient conduct of the government. An illustration is found in the case of the subsecretaries of departments nominated to full secretaryships, in which capacity they had been acting for some time. Upon the failure of confirmation they continued in their status of undersecretaries acting as heads of their respective departments. The other conspicuous failures to confirm were in the cases of two American governors of non-Christian Provinces and a number of promotions among the higher grades of the constabulary. In the cases of the American governors and officers of constabulary failure to confirm was due in part to the noncooperation policy of the political leaders above referred to, but more to the desire to more completely Filipinize the government.

Looking at the situation at a whole, it is encouraging to note that there is a steadily increasing better understanding by the people of the islands of the unselfish policy of the United States, and they are appreciating more and more the fact that they enjoy a very great degree of local autonomy and that the government of the islands is very largely in their own hands.

The policy of the radicals and advocates of noncooperation in dealing with Filipinos who stand for loyal cooperation with the government and live up to the obligations of their oath of allegiance, is to charge them with being unpatriotic and disloyal to their own people and false to their interests, etc., and to attempt thus to destroy their standing in the communities in which they live. The attack on Gen. Emilio Aguinaldo is a striking illustration of this policy. General Aguinaldo has been an outstanding figure in loyally cooperating with the government, in living up to the obligations of his oath of allegiance, and in doing everything he possibly could for the best interests of his people. His prestige was sufficient to defeat the attack made upon him, but many of the less courageous and less influential men have been afraid to come out openly for cooperation because of fear of these attacks.

There has been no curtailment of Filipino autonomy granted by Congress in the organic act. There has been, however, a firm insistence by the executive upon the observance of the provisions of the organic act, and a sharp distinction has been maintained between the executive, legislative, and judicial branches of the government, the importance of which is not understood by many of the political leaders, with a resulting tendency on their part to encroach upon the prerogatives of the executive, as was pointed out in the President's letter to Speaker Roxas of March 7, 1924.

AUTONOMY

Although the autonomy granted the Filipino people by the organic act has been in no way restricted, the statement has been repeatedly made by the Filipino leaders that there has been a curtailment of the autonomy so granted, and constant efforts have been made by them to persuade the people that their rights have been encroached upon in this particular.

Repeated attempts have been made through unconstitutional legislation to increase the autonomy granted by the organic act by encroachments upon the executive authority of the Governor General. Such legislation is of course unconstitutional and therefore null and void. The refusal by the executive to recognize as legal and binding these attempted extensions of autonomy has been used as a basis for the statement that autonomy has been curtailed. As a matter of fact, the extension of autonomy claimed as a result of this legislation never existed, as the legislation in which these attempts were made was unconstitutional.

The degree of autonomy granted the Filipino people by the organic act was most generous, and its application has resulted in the government being almost entirely in the hands of Filipinos. The increase in the proportion of Filipino personnel as compared with the American has continued during the past three years, as shown by the following figures: In 1923 the percentage of Americans in the government, including school teachers, was 5.9 per cent; in 1924, 3.4 per cent; and in 1925, 3.1 per cent. The percentage of Americans in the government, not including school teachers, in 1925, was approximately only 1.5 per cent.

The following brief statement will serve to illustrate the situation: The legislature is wholly Filipino. Of the six secretaries who are the heads of the executive departments, through whom the Governor General exercises to a large extent the executive authority vested in him by the organic act, five are Filipinos and one an American. Of the justices of the supreme court, five are Americans and four Filipinos, the chief justice being a Filipino. The attorney general and the solicitor general are Filipinos. The fiscals (prosecuting attorneys) throughout the islands are all Filipinos. Of the 55 judges and auxiliary judges of first instance, only 2 are Americans. Of the 893 presidents of municipalities, none are Americans. Of the 48 governors of Provinces, only 3 are Americans (these are in the non-Christian Provinces). Of the many hundred justices of the peace, all are Filipinos excepting two or three on United States military reservations. Of the officers of the Philippine Constabulary, the only force of the insular government for the maintenance of law and order, only 3 per cent are Americans. Of the 28 bureau chiefs, only 4 are Americans. The personnel in the bureau of civil civil, bureau of the treasury, and the coast guard service is entirely Filipino; the personnel of the bureau of customs and bureau of posts is more than 99½ per cent Filipino, and that of the bureau of lands and bureau of internal revenue is 99 per cent Filipino. The teachers under the bureau of education are more than 98½ per cent Filipino and more than 96 per cent of the civil-service employees in the bureau of health are Filipinos. The insular auditor is an American, the deputy auditor is a Filipino, and the district auditors throughout the islands are Filipinos. The officials of the treasury department are all Filipinos. In other words, outside of school-teachers, there is only a handful of Americans holding positions in the insular government.

Indeed, the autonomy granted as represented by Filipino participation in the government is so great that American participation in the government has been reduced to the lowest point consistent with the maintenance of that degree of authority which is necessary to discharge effectively the obligations and responsibilities of sovereignty.

EXHIBIT B

WAR DEPARTMENT,
OFFICE OF THE JUDGE ADVOCATE GENERAL,
Washington, April 16, 1926.

Civil Affairs.
ARS/1Me.
Memorandum for the Chief of the Bureau of Insular Affairs.
Subject: Validity of boards of control appointed by the Philippine Legislature.

1. My opinion is desired as to the legality of a "board of control" or "committee," composed of the Governor General, president of the senate, and speaker of the house of representatives, appointed by the Philippine Legislature and vested with the exclusive right to vote the stock owned by the Philippine Government in certain corporations created by the Philippine Legislature.

2. Act No. 2612, passed by the Philippine Legislature on February 4, 1916, created a corporation known as the Philippine National Bank, with an authorized capital of twenty million pesos, divided into two hundred thousand shares of a par value of one hundred pesos each (sec. 3), of which shares the Philippine Government was to purchase one hundred and one thousand (sec. 4), made appropriation of public money to pay for same (sec. 5), and provided that the remaining stock should be offered to the public at par. The Governor General was vested exclusively with the voting power of said stock (sec. 5). He was authorized, by and with the consent of the upper house of the Philippine Legislature, to appoint the president and vice president of the corporation (sec. 21) and to perform various other duties and functions in connection with the business of the bank, not important here.

On February 20, 1918, the Philippine Legislature passed Act No. 2747, amending Act No. 2612, and provided in section 4 thereof:

"The voting power of all the stock of the national bank owned and controlled by the government of the Philippine Islands shall be vested exclusively in a committee consisting of the Governor General, the president of the senate, and the speaker of the house of representatives."

This section took from the Governor General the exclusive voting power theretofore granted and vested it in a committee of three officers, two of them belonging to the legislative branch of the government, but section 13 continued the authority of the Governor General to appoint the president and vice president of the bank.

The statute was again amended by Act No. 2938, passed January 30, 1921, whereby the capital stock was increased to fifty million pesos (sec. 2), but at no time were the shares held by the public to equal or exceed the number held by the government, and in section 4 it was provided:

"The voting power of all the stock of the national bank owned and controlled by the government of the Philippine Islands shall be vested exclusively in a board, the short title of which shall be "board of control," composed of the Governor General, the president of the senate, and the speaker of the house of representatives."

By section 16 of that act the board of directors was increased from five to nine, all to be elected by the stockholders, which board of directors was by section 17 authorized to elect from among their number a president and vice president and to appoint, with the advice and consent of the board of control, a general manager, who is chief executive of the bank. It is further provided (section 22):

"The insular auditor shall be ex-officio auditor of the national bank, and shall, with the advice and consent of the board of control, appoint a representative who shall be chief of the auditing department of the bank. All the other employees of the department shall be appointed by the insular auditor, who, with the approval of the board of control, shall fix the salaries of the same as well as that of his representative, the chief of the department. * * *"

And section 44 provides:

"* * * the Secretary of finance, at the request of the board of directors of the bank, duly approved by the board of control, whenever in his judgment the general interests of the country require it, shall be authorized to suspend for such period as may be necessary the requirement of maintaining the proportion of the reserve specified in this act. * * *"

In addition, the establishment of various foreign agencies, the rediscounting of commercial paper, and the removal of the general manager can not be accomplished except with the advice and consent of the board of control. Its approval is also required in fixing the salary of the general manager and assistant general manager, in the appointment of employees of the auditing department and in fixing the amount of their salaries, in guaranteeing by the bank of the principal and interest of the bonds of industrial companies or the purchase of their bonds, and in the payment of additional compensation to the president or vice president who temporarily perform the duties of other employees.

The Philippine Legislature also created the following corporations, directed that stock therein be purchased, and appropriated public funds to be used to purchase, in most instances, at least 51 per cent of the capital stock:

Act No.	Name	Authorized capital
2705	National Coal Co	₱3,000,000
2814	National Petroleum Co	500,000
2849	National Development Co	50,000,000
2855	National Cement Co	500,000
2862	National Iron Co	500,000

In each of the said acts the voting power of the shares of stock held by the government was vested by the legislature exclusively in a committee or board consisting of the Governor General, the president of the senate, and the speaker of the house of representatives.

3. In order to ascertain the validity and legality of the several boards or committees under consideration it is necessary to determine:

A. Whether membership in such board or committee is a civil office; and

B. Whether the legislature has the legal right to make the appointment of members to such board or committee.

These questions will be considered in the order stated.

A

It is said in Black's Constitutional Law (3d ed., p. 286):

"* * * It is true that we can not find in the Constitution an express grant of power to Congress to grant charters of incorporation. But if a bank, a railroad, a telegraph company, or any other kind of corporation is a means or agency needed by Congress in the exercise of its admitted powers, or conducive to their due execution, and plainly adapted to the accomplishment of that end, then Congress has power, under this clause of the Constitution, to incorporate it."

The organic act is silent on the right of the legislature to create corporations. Such right is not here questioned. A corporation necessarily acts through its officers and agents, and in the Philippine National Bank the board of control being vested with the exclusive power to vote the stock held by the government, which was required to be a controlling amount, became an agency of the government, which could always elect a majority of the directors of the bank and thus control its action.

It is clearly apparent that this board of control not only was the proxy for the government to vote its stock, but on account of its duties was, in fact, as its name implies, a "board of control" with power to determine the policy of this bank, in which 51 per cent of the capital stock was owned by the government and paid for with public money.

In the case of Clark *v.* Stanley (66 N. C. 28) the Legislature of North Carolina passed an act giving to the president of the senate and speaker of the house of representatives the power to appoint "all proxies and directors in all corporations in which the State has an interest," and the question arose as to whether in such appointment the president and speaker would be filling a public office and be public officers. The court said:

"A public office is an agency for the State, and the person whose duty it is to perform this agency is a public officer. This we consider to be the true definition of a public officer in its original broad sense. The essence of it is

the duty of performing an agency; that is, of doing some act or acts or series of acts for the State.

"Public officers are usually required to take an oath, and usually a salary or fees are annexed to the office, in which case it is an office 'coupled with an interest.' But the oath and the salary or fees are mere incidents and constitute no part of the office. Where no salary or fees are annexed to the office, it is a naked office—honorary—and is supposed to be accepted merely for the public good. This definition also excludes the idea that a public office must have continuance. It can make no difference whether there be but one act or a series of acts to be done, whether the office expires as soon as the one act is done or is to be held for years or during good behavior. This incident, however, need not be considered, for here is continuance; the duty is imposed upon the president of the senate and the speaker of the house of representatives for all time to come."

See also State *v.* Hocker, 39 Fla. 477; 63 Am. S. Rep. 174, cases cited; Houston *v.* Tate, 38 N. C. 377.

A somewhat similar question arose in Florida, In re members of legislature (39 Sou. Rep. 63). In that case the legislature passed an act creating a board of control which was charged with the duty of locating and continuously and permanently managing State institutions of learning, and the governor, who was authorized to make the appointments, asked the opinion of the State Supreme Court as to whether members of the legislature at the time the statute was passed could be appointed as members of the board in view of the constitutional provision that "no senator or member of the house of representatives shall, during the time for which he was elected, be appointed or elected to any civil office under the constitution of this State, that has been created or the emoluments of which shall have been increased during such time." The court said it was first necessary to determine whether members of such board would be civil officers and, in passing on that point, held:

"Members of a board of control created by law, who are charged with the duty of locating and continuously and permanently controlling and managing State institutions of learning, whose terms of office are definitely fixed, with provisions for removal and appointment by the governor to fill vacancies on such board, and the office being continuous and permanent and remaining to be filled, though the incumbents may die or resign, are civil officers under the constitution of this State. The fact that there is no salary or emolument, like an oath of office, is an incident to office merely, and not a necessary element in the determination of its character."

Mechem, in his work on Public Office and Officers, edition of 1890, section 16, declares:

"An office whose duties and functions require the exercise of discretion, judgment, experience, is an office of trust, and it is not necessary that the officer should have the handling of public money or property, or the care and oversight of some pecuniary interest of the government."

Article 401 of the Penal Code of the Philippines provides:

"For the purpose of applying the provisions of this and of the preceding titles of this book, any person who, by direct provision of law, by popular election, or appointment by competent authority, shall take part in the performance of duties in the public service shall be deemed a public officer."

The functions of these various boards and committees as set out in the statutes creating them clearly show that they can be properly performed only by men of experience, discretion, and judgment, and therefore are positions of trust. "An office embraces the idea of tenure, duration, emoluments, and duties, and those ideas can not be separated and each considered separately. All taken together constitute the office." Kendall *v.* Raybould, 44 Pac. (Utah) 1934; U. S. v. McCrary, 91 Fed. 295; "Words and Phrases, title 'office'."

From the foregoing, I am of opinion that the "boards of control" and "committees" appointed by the legislature in the statutes referred to are civil offices and that the members thereof are public officers within the meaning of the organic act (39 Stat. 454).

B

The Philippine organic act, section 21, provides:

"That the supreme executive power shall be vested in an executive officer whose official title shall be "The Governor General of the Philippine Islands.

* * * He shall, unless otherwise herein provided, appoint by and with the advice and consent of the Philippine Senate, such officers as may now be appointed by the Governor General, or such as he is authorized by this act to appoint, or whom he may hereafter be authorized by law to appoint. * * * He shall have general supervision and control of all of the departments and bureaus of the government in the Philippine Islands as far as not inconsistent with this act. * * *"

It also provides in section 22:

" * * * *Provided*, that *all* executive functions of the government *must be* directly under the Governor General or within one of the executive departments under the supervision and control of the Governor General." (Italics supplied.)

Section 8 of the organic act is as follows:

"That general legislative power, except as otherwise herein provided, is hereby granted to the Philippine Legislature, authorized by this act."

And the last sentence of section 18 provides:

"No senator or representative shall during the time for which he shall have been elected be eligible to any office the election to which is vested in the legislature."

The organic act separated the power of the Philippine government into these distinct branches, the executive, the judicial, and legislative, much in the same manner as those powers are distributed in the Federal Government, but put special emphasis on the executive power by expressly providing that *all* executive functions *must be directly* under the Governor General or within one of the departments under his control. The distribution of powers is also set forth in section 15, Philippine Administrative Code, and in section 80 of that code, in defining "particular powers and duties of the Governor General" the following appears:

"To nominate and appoint officials to *permanent position in the service of the government* of the Philippine Islands, with the advice and consent of the upper house of the Philippine Legislature and not otherwise. (Italics supplied.)

More permanent positions can scarcely be imagined than the membership of these boards. They are made to attach to the office of president of the senate and speaker of the house of representatives, and continue so long as these offices exist. No provision is made for removal and it would seem that death is the only event that would cause a vacancy on the board, which would be filled immediately by the election of the legislative successor. Of course the provision of the code could be repealed by the legislature, but if such was the intention it would seem that express terms would have been used, rather than to do so by implication.

It is sometimes difficult to determine to which of the branches of the government certain powers rightfully belong, for the reason that the line of separation is not always clearly defined.

"The control, administration, and disposition of the property and funds of a State and the appropriations thereof to the payment of debts are powers appertaining exclusively to the legislative department." (Black, Constitution Law, 3d ed. 365.) But "the legislature can not lawfully usurp any of the functions confided by the constitution to the executive department. Thus, it is the generally accepted doctrine that appointment to office is an exclusive function which can not be taken away from that department by the legislative branch. * * * The legislature may provide by law for the appointment of all officers not provided for in the constitution, but the appointing power must be lodged somewhere in the executive department." Black, Constitution Law, 3d ed. 86. Pratt *v.* Breckenridge, 65 S. W. (Ky.) 136.

The powers granted to the Governor General correspond closely to those of the President or the governor of a State. With reference to appointment to office by the Chief Executive the general law is stated as follows:

"With the exception of the small number of offices which are created by the Constitution it is the right and duty of Congress to decide what offices shall be created and for what purposes. That is a legislative function. *But when the office is brought into existence, it is for the Executive to choose the incumbent.* For, in order to be effective administration, it is necessary that those officers, at least, whose duties are not merely clerical but involve the exercise of discretion and are political in their character, should be in sympathy with the Executive for the time being. But at the same time it was

deemed necessary to impose a check upon this great power of the President, lest he should be able, by the unrestrained choice of the Federal officers, to subvert the whole administrative machinery of government to his own selfish or disloyal purposes. To this end, rejecting unsuitable nominations has been lodged with the Senate." Black, Const. Law, 3d. ed. 127. (Italics supplied.)

And the same author at page 318, with reference to the "Independence of Executive" says:

"In regard to the manner of exercising those powers which the Constitution specifically confides to the governor, it seems that the legislature, while it can not, under pretense of regulation, deprive the Executive of any branch of his constitutional power, or unduly hinder him in the exercise of it, may yet make rules for his governance in many cases where his authority over the subject is not exclusive of that of the legislature, or where the constitution has not furnished the exclusive rule for the exercise of the power."

The case of State *v.* Washburn (160 No. 680; 90 Am. S. Rep. 403) arose over a statute wherein the legislature provided for the appointment, by the governor of three election commissioners in cities having over 100,000 inhabitants, "one of said commissioners to be a member of the leading political party opposed to that to which the chairman and secretary so appointed belong, and shall be chosen from three eligible citizens named by the city central committee of the said leading party politically opposed to that to which the chairman and secretary belong." The governor appointed three commissioners for Kansas City—one as president, one as secretary and the third from the leading party politically opposed to the other two. He possessed all the qualifications required but was not one who had been nominated by the city central committee of his party, and the question was, did the governor have the lawful authority to appoint him. The court held:

"Election commissioners are State officers, and exercise powers properly belonging to the executive department of the State government and must trace their right to office to that department.

"The legislature may pass a statute prescribing the manner in which an appointment to an executive office shall be made but it can not make the appointment itself nor authorize anyone not connected with the executive department to make it. It can not rob the executive of the power of appointment to office by conferring it on an outside unofficial agency of its own appointment. * * * Appointment to a governmental office is in itself the exercise of a governmental function and can be exercised only by a governmental officer *and not by the legislature.*" (Italics supplied.)

The case of Shoemaker *v.* United States, (147 U. S. 283) is one in which the right of Congress to make appointment of members of a commission was questioned. In that case Congress by the act of September 27, 1890 (26 Stat. 492), created a commission consisting of the Chief of Engineers of the United States Army, the Engineer Commissioner of the District of Columbia and three citizens to be appointed by the President, by and with the advice of the Senate. They were directed to select the land for Rock Creek Park, appraise the value thereof, and perform certain other duties. The plaintiff brought an action to set aside certain acts of the commission, based on various grounds, one of which challenged the constitutionality of the said act of Congress, for the reason that two members of the commission were appointed by Congress and not by an executive officer or court. In passing on that question the court held:

"It is within the constitutional power of Congress, in legislating for the creation of a commission charged with public duties, to provide that some members of it shall be appointed by the President, by and with the advice and consent of the Senate, and that other members of it shall consist of officers in the service of the United States, who had been appointed by the President and confirmed by the Senate, when the duties of the new office are germane to those of the offices already held by the latter.

"Congress may increase the duties of an existing office without rendering it necessary that the incumbent should be again nominated, confirmed, and appointed."

From the reasoning of the court in deciding that point the inference is clearly to be drawn that had the two members named by Congress not been theretofore appointed by the Executive, and the duties required of them on the commission been other than extension of the duties they were by virtue of their offices already performing, the appointment by Congress would have been unauthorized.

Congress unquestionably has the authority to legislate for the Philippine Islands. It may do so without regard to constitutional limitations so long as there is no violation of what is commonly called the "natural rights" of persons. Congress in dealing with the Philippine Islands may delegate legislative authority to the Philippine Legislature (Dorr *v.* United States, 195 U. S. 138) which then becomes the agent of Congress (United States *v.* Heinsmann, 206 U. S. 370). When so delegated the Philippine Legislature can exercise only such legislative power as is granted or which is necessarily incident thereto. The delegation of legislative power in the organic act was general except as limited therein, and in defining the power of the Governor General it was provided that his executive power should be "supreme." Obviously Congress meant by that language that he should have complete, unhampered executive authority, otherwise the word supreme would not have been used in defining his powers, which was also stressed in section 22 by the mandatory provision that all executive functions must be directly under the Governor General or within one of the executive departments under his control. Clearly this is a limitation on any legislative action that would limit, curtail, or destroy his executive authority.

The action of the Philippine Legislature in creating the various boards and committees involved in the statutes under examination and definitely naming the personnel of which such boards and committees shall be composed, is in effect creating an office and at the same time filling it. Such action encroaches on the powers of the executive department, destroys the fundamental principle of the separation of powers in government, and violates the doctrine that the legislature has the power and authority to make the laws, but the duty of executing them is on the executive department. In my opinion the legislature was without legal authority to make the appointment of the members of the boards and committees as was done in these statutes, and that conclusion makes it unnecessary to determine whether a member of the Philippine Legislature is ineligible for such appointment.

In view of the fact that my conclusions in this matter may seriously effect activities in which the Philippine government is engaged and which it conducts by these various boards or committees, it is recommended that the papers be transmitted to the Attorney General with a request for his opinion.

J. A. HULL,
Major General,
The Judge Advocate General.

DEPARTMENT OF JUSTICE,
Washington, September 22, 1926.

SIR: I have the honor to acknowledge receipt of your letter of April 20, 1926, requesting my opinion of the validity of the board of control created by the Philippine Legislature.

On February 4, 1916, by Act No. 2612, the Philippine Legislature created the Philippine National Bank, of which the Philippine government was to purchase a majority of the shares of stock, appropriated public moneys for that purpose, and authorized the sale of the remaining stock to the public at par. By this act the Governor General was vested with exclusive power to vote the stock purchased by the Philippine government; he was authorized to appoint, with the consent of the upper house of the legislature, the president, and the vice president of the bank, who should constitute two of the seven directors, and he was authorized to perform various other duties and functions in connection with the business of the bank.

On February 20, 1918, by Act No. 2747, the Philippine Legislature amended the act of 1916, providing that—

"The voting power of all the stock of the national bank owned and controlled by the government of the Philippine Islands shall be vested exclusively in a committee consisting of the Governor General, the president of the senate, and the speaker of the house of representatives."

The authority of the Governor General to appoint a president and a vice president of the bank was not affected by this act.

On January 30, 1921, the act was again amended by Act No. 2938, which provided that—

"The voting power of all the stock of the national bank owned and controlled by the government of the Philippine Islands shall be vested exclusively in a board, the short title of which shall be 'board of control,' composed of the Governor General, the president of the senate, and the speaker of the house of representatives."

By amending section 16 of the earlier act, the act of 1921 increased the number of directors from seven to nine, all to be elected by the stockholders; and by amending section 17 it authorized the board of directors to elect from among their number a president and a vice president and to appoint a general manager, who should be the chief executive of the bank. The fixing of the salary of the general manager could be done by the directors only with the approval of the board of control, and his appointment and removal by the board of directors could be effected only with the advice and consent of the board of control.

Section 22 of the act as amended provided that—

"The insular auditor shall be ex-officio auditor of the national bank and shall, with the advice and consent of the board of control, appoint a representative who shall be chief of the auditing department of the bank. All the other employees of the department shall be appointed by the insular auditor who, with the approval of the board of control, shall fix the salaries of the same as well as that of his representative, the chief of the department * * *."

By the same amending act the approval of the board of control is prerequisite to the rediscounting of commercial paper by the bank (sec. 14), the guaranteeing by the bank of the principal and interest of the bonds of industrial companies (sec. 45) or the purchasing of such bonds (sec. 45).

The legislature has also created a National Coal Co. (Act No. 2705); a National Petroleum Co. (Act No. 2814); a National Development Co. (Act No. 2849); a National Cement Co. (Act No. 2855); and a National Iron Co. (Act No. 2862). The aggregate authorized capital stock of these companies is ₱54,500,000. As to each of these companies the legislature directed that a majority of the shares of stock should be purchased by the Governor General on behalf of the Philippine government, and appropriated public funds for this purpose. As to each of these companies the act authorizing its creation provided that the power to vote the shares held by the Philippine government should be vested exclusively in a committee consisting of the Governor General, the president of the senate, and the speaker of the house of representatives.

The validity of the legislation involved depends upon the construction which is to be given to the act of Congress establishing the present form of government in the Philippine Islands, the act of August 29, 1916, c. 416, 39 Stat. 545, otherwise known as the Philippine organic act.

The pertinent provisions of that act are as follows:

"SEC. 8. That general legislative power, except as otherwise herein provided, is hereby granted to the Philippine Legislature, authorized by this act."

"SEC. 18. * * * No senator or representative shall, during the time for which he may have been elected, be eligible to any office the election to which is vested in the legislature, nor shall he be appointed to any office of trust or profit which shall have been created or the emoluments of which shall have been increased during such term."

"SEC. 21. That the supreme executive power shall be vested in an executive officer, whose official title shall be 'The Governor General of the Philippine Islands.' * * * He shall, unless otherwise herein provided, appoint, by and with the consent of the Philippine Senate, such officers as may now be appointed by the Governor General, or such as he is authorized by this act to appoint, or whom he may hereafter be authorized by law to appoint, but appointments made while the senate is not in session shall be effective either until disapproval or until the next adjournment of the senate. He shall have general supervision and control of all of the departments and bureaus of the government in the Philippine Islands as far as is not inconsistent with the provisions of this act * * *."

"SEC. 22. * * * All executive functions of the government must be directly under the Governor General or within one of the executive departments under the supervision and control of the Governor General."

Section 24 provides for the appointment of an auditor and a deputy auditor by the President of the United States, outlines the duties of these officers, and declares that "The office of the auditor shall be under the general supervision of the Governor General and shall consist of the auditor and deputy auditor and such necessary assistants as may be prescribed by law."

Section 18, quoted above, clearly provides that the legislature may not elect its own members to offices outside of the legislature itself. When Congress enacted this provision it was evidently thinking primarily of the two Resident Commissioners to the United States, but the section under consideration is not restricted to those officers. The legislature may not elect one of its own members to a position, *ex-officio* or otherwise, if that position is an office and if the duties of that office are not strictly legislative in character or essential in order to enable the legislature itself to exercise its legitimate functions. Obviously membership in the board of control is an office, for it is a public station, permanent in character, created by law, the incidents and duties of which are prescribed by law. Metcalf & Eddy *v.* Mitchall, 269 U. S. 514, 520. The position is a public office. It comes within article 401 of the penal code of the Philippines, which declares that "For the purpose of applying the provisions of this and the preceding titles of this book, any person who, by direct provision of law, by popular election, or appointment by competent authority, shall take part in the performance of duties in the public service shall be deemed a public officer." The position is analogous to that involved in Clark *v.* Stanley, 66 N. C. 59, where the legislature authorized the president of the senate and the speaker of the house of representatives to appoint proxies and directors for the State in all corporations in which the State was a stockholder. In holding the legislation unconstitutional, the court said that "A public office is an agency for the State, and the person whose duty it is to perform this agency is a public officer." See also *In re Members of the Legislature*, 49 Fla. 269, 39 So. 63; People *v.* Sanderson, 30 Cal. 160; and the opinion which Attorney General Stone rendered to the Secretary of War on April 30, 1924 (34 Ops. A. G. 287), concerning the Philippine Independence Commission. There is nothing in the nature of the duties to be performed by the board of control which by necessary implication takes such an office out of the express terms of the Philippine organic act. And it can not be said that the office is simply honorary and for that reason the fundamental law of the islands should not be so construed as to apply to it. Two members of the legislature constitute a majority of a board which controls active business corporations capitalized at over ₱54,000,000. Clearly section 18 of the act of Congress applies to such offices. Even if the legislature may select members of the board of control, it may not place any senator or representative upon that board.

The question whether the legislature possesses any power whatever to select members of the board must be solved by a consideration of other provisions of the Philippine organic act.

That act is unquestionably modeled on the Constitution of the United States in distributing governmental powers among legislative, executive, and judicial authorities and in impliedly prohibiting one department of government to exercise powers which have been intrusted only to another department. It is true that under both fundamental laws the distribution of powers is not strictly logical; that, for example, the President and the Governor General exercise power which is legislative in its nature when they veto legislation, and that the Senate of the United States and the Philippine Senate exercise power of an administrative nature when they consider appointments to office. But such exceptions, which are expressly recognized in the Constitution of the United States and in the Philippine organic act, do not lessen the positiveness of the rule in unexcepted cases. It is a fundamental principle that in the absence of an express exception to the general rule governmental powers can not be considered as overlapping. The legislature may not exercise any of the powers which have been granted to the executive department of government.

As the Supreme Court of the United States said in Kilbourn *v.* Thompson, 103 U. S. 168, 190, 191—

"It is believed to be one of the chief merits of the American system of written constitutional law, that all the powers intrusted to government, whether State or National, are divided into the three grand departments, the executive, the legislative, and the judicial. That the functions appropriate to each of these branches of government shall be vested in a separate body of public servants, and that the perfection of the system requires that the lines which separate and divide these departments shall be broadly and clearly defined. It is also essential to the successful working of this system that the persons intrusted with power in any one of these branches shall not be permitted to

encroach upon the powers confided to the others, but that each shall by the law of its creation be limited to the exercise of the powers appropriate to its own department and no other. To these general propositions there are in the Constitution of the United States some important exceptions. * * *

"In the main, however, that instrument, the model on which are constructed the fundamental law of the States, has blocked out with singular precision, and in bold lines, in its three primary articles, the allotment of power to the executive, the legislative, and the judicial departments of the government. It also remains true, as a general rule, that the powers confided by the Constitution to one of these departments can not be exercised by another."

This point was also discussed at length by James Madison in the First Congress. Annals of Congress, I, 463.

The Philippine organic act, in section 22, provides that "all executive functions of the government must be directly under the Governor General or within one of the executive departments under the supervision and control of the Governor General." Madison, in the speech just cited, declared "I conceive that if any power whatsoever is in its nature executive, it is the power of appointing, overseeing, and controlling those who execute the laws." Madison unquestionably understood correctly the Constitution which he did so much in framing and which served as a model for the fundamental law of the Philippine Islands. The power of appointment of public officials must rest with the executive department of the United States and with the executive department of the Philippine government.

Apparently there has been no decision directly upon this point by the Supreme Court of the United States. In United States *v.* Ferreira, 13 How. 40, 51, however, that court declared emphatically that Congress can not by law designate the persons to fill the offices which it creates. That point was not necessarily involved in the case then before the court, but the court left no possible doubt as to its position. As expressed by the Supreme Court of North Carolina in People *v.* Bledsoe, 68 N. C. 457, 460, "Creating an office is an act of legislation. Filling an office is an executive act." The rule stated by the Supreme Court of the United States in United States *v.* Ferreira would equally apply to acts of the Philippine Legislature designating its own officials to fill positions upon the board of control.

As you have not requested my advice concerning the validity of the provisions of Act No. 2938 relating to the insular auditor, I express no opinion thereon. In Shoemaker *v.* United States, 147 U. S. 282, 300, 301, it was held that Congress could impose upon officers of the United States additional duties germane to the offices already held by them without calling for fresh appointments by the appropriate executive official. Whether this rule would apply to the insular auditor who is under the general supervision of the Governor General but has not been expressly placed under his "control," it is not necessary to decide at the present time.

The acts of the Philippine Legislature which have been considered are clearly invalid in so far as they provide that the president of the senate and the speaker of the house of representatives shall be members of the board or committee of control. The statutes make them not only members of the board, but a majority of it, having power to dictate its decisions. Their membership is an inseparable feature of the board. For this reason, as they can not serve upon the board, the provisions of the statutes which create that board and enumerate its powers must be treated as nullities.

Of course, the remaining portions of the statutes are not affected by the invalidity of the portions under consideration. The present directors of those corporations are de facto directors until others are chosen. The legislature may possibly create another board of control by a statute which recognizes that the duties of such a board are executive, subject to the provisions of the organic act relating to executive functions. But unless and until the legislature creates such an executive board, any duties of an executive nature which arise may be performed as in other cases not specifically provided for by law. The supreme executive power is vested in the Governor General.

Respectfully,

(Signed) WILLIAM J. DONOVAN,
Acting Attorney General.

The honorable the SECRETARY OF WAR.

EXHIBIT C

EXECUTIVE ORDER No. 37

OFFICE OF THE GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS,
Manila, November 9, 1926.

Whereas it is held in an opinion of the Judge Advocate General of the United States Army, confirmed by an opinion of the Attorney General of the United States, received at the office of the executive November 7, 1926, that the provisions of the statutes passed by the Philippine Legislature creating a "board of control" or "committee" and enumerating the duties and powers thereof, with respect to certain corporations in which the insular government is the owner of stock, are nullities; that the remaining portions of said statutes are valid; that the duties imposed by said statutes upon said board or committee are executive in their nature and subject to the provisions of the organic act relating to the executive functions that said executive duties and powers may be performed as in other cases not specifically provided for by law.

Now, therefore, acting under authority of said opinions, the duties and powers heretofore exercised by said "board of control" or "committee" shall, from and after this date, be exercised solely by the Governor General pursuant to the executive power vested in him by the organic act.

(Signed) LEONARD WOOD,
Governor General.

EXHIBIT D

REPORT OF THE SECRETARY OF THE PARDON BOARD

Pardons and paroles, etc., were granted during the year as follows:

Conditional pardons	530
Unconditional pardons	19
Persons restored to civil rights	51
Paroles to boys and girls in reformatory institutions	377

With a very few exceptions pardons were passed upon and recommended by the board of pardons and the secretary of justice; many were also recommended by provincial governors, provincial boards, trial judges, the chief of constabulary, and other experienced officials.

Of the 530 conditional pardons granted, 97 were cases of marital infidelity, 56 homicides, 54 embezzlement, 34 robbery, 25 sedition or conspiracy, 22 assaults with violence, 14 violations of the opium law, 8 seduction, etc., and 7 cases of murder.

There is only one ground for legal divorce in the Philippines: A person must have been convicted in court of adultery. The offended party (usually the husband) can then obtain an absolute divorce.

Nearly all cases of violation of marriage vows which come before the courts involve Filipinos of the poorer class and of inferior education. Investigations have shown that, in very many cases, the wife has been abandoned, abused, or neglected by the husband prior to the institution of a criminal suit against her for adultery. In other cases such suits have been instigated by third parties (in no way affected by the legal issue) from motives of political antagonism or revenge. The penal code provides a penalty for this offense of from 6 months and 1 day to 6 years. As a rule, the sentence is awarded in its "medium degree," i. e., about 3½ years. Executive clemency is seldom extended in cases involving capital crimes, except occasionally where the convict is a pagan or primitive Moro, and only then after he has served from 8 to 12 years' imprisonment.

In homicide cases extenuating circumstances, length of penal servitude, conduct while in jail, age and health of prisoner, etc., are scrutinized and passed upon by the central board of pardons before clemency is considered.

In cases of "falsification" and "misappropriation" extenuating circumstances. previous convictions, and the amount of money involved are considered. While the law against "falsification" and "embezzlement" can not be regarded as severe where large sums of money are involved, it is sometimes harsh, "cruel,

and unusual" in cases of trifling pilfering. For example, a youthful official was charged with having changed a travel voucher for ₱3 ($1.50) to ₱5 ($2.50). He was prosecuted for (1) "falsification of a public document" and (2) "embezzlement." He was sentenced to more than 10 years' confinement at hard labor, and actually served some 3 years of his sentence before the case was brought to the attention of the board of pardons. This is an extreme case. However, many cases occur in which less than ₱100 ($50) is involved where the offenders have been sentenced to from three to eight years' imprisonment. In addition such convicts are deprived of "all civil and political privileges" and are disqualified from holding public office for life.

The following are other instances of excessive punishment for comparatively trifling offenses:

(1) To protect a sergeant of municipal police who had entered a private dwelling and arrested a notorious criminal without a warrant, a justice of the peace antedated (by a few days) a search warrant.

The justice was dismissed from office by administrative action. He was then prosecuted for criminal falsification of a public document, convicted, and sentenced to imprisonment for eight years.

(A pardon was granted in this case.)

(2) R. R. was convicted of "falsification of a public document" and embezzlement. He submitteed a travel expense voucher for ₱46.60 when, in fact, he had expended ₱20 only. The amount involved, therefore, was ₱26.60 ($13.30). He was sentenced to eight years and one day imprisonment.

He was pardoned after having served two years and two months in jail. This is a typical instance of the extension of executive clemency in an embezzlement case.

(3) J. P. R. was convicted of "falsification of a public document through reckless negligence." The amount involved was ₱1 (50 cents). He was sentenced to imprisonment for one year and one day, and disqualified from the exercise of civil and political rights for life. A pardon was granted in this case.

(4) For kissing and fondling a girl (allegedly) against her will R. M. was convicted of "abusos deshonestos" and sentenced to imprisonment for 3 years 6 months 21 days, and to pay costs. After having served about two years and six months he was pardoned.

(5) For kissing a girl in public J. A. was sentenced to imprisonment for one year and one day. Executive clemency was granted.

(6) For kissing and hugging a girl without her consent, in a carromata (a two-wheeled vehicle), E. E. M. was sentenced to 4 years 9 months and 11 days' imprisonment. He was pardoned after having served about half of his sentence.

These three cases of "abusos deshonestos" are typical. In general, these are ordinary philandering affairs, and the "unwillingness" of the girl is often enough an afterthought suggested by the unheralded arrival on the scene of an irate parent or relative. She feels she must "save face" at all costs, and the witnesses are only too eager to accept her explanation, to the prejudice of the accused. It may be added that even in seduction (and sometimes in rape) cases the evidence is apt to be biased for the same reason.

R. A. Duckworth-Ford,
Lieut. Col., Assistant Chief, P. C.,
Secretary of the Board of Pardons.

EXHIBIT E

THE VETO POWER OF THE GOVERNOR GENERAL UNDER THE ORGANIC ACT OF 1916

It has been contended on the part of the Philippine leaders that the Governor General has used the veto power excessively and contrary to the organic act. The following statistics have been compiled from the records of the Governor General's office for the purpose of showing the extent to which the veto power has actually been used during the incumbency of the present Governor General, and of setting forth the nature and scope of this power as interpreted by the Executive of the United States Government.

The vetoes are arranged according to legislative sessions, showing the total number of bills passed and vetoed at each session, followed by a summary of the total bills passed and the total number vetoed. The bills are then classified for the purpose of showing the grounds of the veto and the extent to which the various government officials were consulted with respect to these vetoes.

Sixth legislature

First session, 1922:	
Acts Nos. 3060–3118	59
Vetoed	6
Total passed	65
Second session, 1923:	
Acts Nos. 3119–3164	46
Vetoed	33
Total passed	79
Third session, 1924:	
Acts Nos. 3165–3220	56
Vetoed	17
Total passed	73

Seventh legislature

First session, 1925:	
Acts Nos. 3221–3268	48
Vetoed	24
Total passed	72
Second session, 1926:	
Acts Nos. 3269–3346	78
Vetoed	44
Total passed	122

Summary

Total bills approved	287
Total bills vetoed	124
Total bills passed	411

Classification of vetoed bills

Number of vetoed bills as unconstitutional and after consultation or recommendation of bureau or department concerned		82
As unconstitutional (of the 29, 3 were vetoed on Attorney General's opinion)	29	
After consultation or recommendation of proper officials	53	
	82	
Number of vetoed bills for lack of funds		4
Number of vetoed bills because form of bill was defective		3
Number of vetoed bills against favorable recommendations		3
Number of vetoed bills on recommendations of staff of Governor General		2
Number of vetoed bills because of lack of time, as the bills were transmitted during the last 10 days of the 30 days allowed under the Jones law		9
Others, no record showing who recommended veto		21
Total		124

It should be noted that the subject matter of the 21 bills which appear to have been vetoed without any consultation with departmental or bureau chiefs is, for the most part, of general purport and do not touch specific subjects

within the jurisdiction of any one department. They relate primarily to matters of general concern on which the personal judgment of the chief executive should be the controlling factor.

It should also be noted that of the 124 bills vetoed, 4 were vetoed twice, the identical bills having been passed a second time at a subsequent session. The net number of vetoes is, therefore, 120.

As stated, of the above vetoed bills, 4 were repassed over the veto and again vetoed and sent to the President of the United States as provided in section 19 of the organic act. The first of these bills is senate bill No. 216 passed in 1923 at the second session of the Sixth Philippine Legislature, remitting the penalty of the nonpayment of the land tax. An elaborate memorandum was submitted by the Philippine Legislature setting forth the arguments in favor of the position of the legislature with respect to the nature and scope of the veto power. These arguments were fully considered in an opinion of the Judge Advocate General of the United States and the conclusion was reached therein that the veto conferred in the organic act is of the same nature and scope as the veto power conferred upon the President of the United States and upon executives in the United States, and is not subject to the restrictions urged in the memorandum submitted by the Philippine Legislature. The President's letter sustaining the Governor General's veto, the memorandum of the Resident Commissioners, the memorandum of the Judge Advocate General are annexed.

The other bills forwarded to Washington are the plebiscite bill, senate bill No. 214, the bill authorizing suits against the Government, senate bill No. 212, and the bill creating a budget bureau, house bill No. 1534.[1]

A statement by former President Taft on the nature of the President's veto power is annexed hereto.

[Sixth Philippine Legislature, first session. Number of vetoed bills, 6]

S. No. 202. Creating a department of public health. Unconstitutional, as encroaching upon the existing powers of secretary of public instruction under the organic act.

H. No. 718. Creating the office of public health commissioner. Unconstitutional, as encroaching upon the existing powers of secretary of public instruction under the organic act.

H. No. 793. Appropriating ₱100,000 for public calamity sufferers: Money to be distributed by the secretary of the interior without supervision of Governor General. Unconstitutional, as encroaching upon the Governor General's power of supervision and control under the organic act.

S. No. 81. Providing for certain changes in the administration of justice. Bill defective. The veto of this bill was determined upon after numerous conferences with the secretary of justice and on the strength of his opinion that the bill had serious defects and did not accomplish the desired improvement in the administration of justice.

H. No. 739. Prohibiting the taking of fish from Abra River. The veto was based upon the recommendation of the director of science that "it is very bad policy to attempt legislation controlling the 'ipon' fisheries before definite information is available regarding the life history of the species." At present the bureau has no information regarding this variety.

S. No. 93. Permitting the dragging of sledges along the public roads. This veto was on the advice of the director of public works that to permit the use of sledges on public highways would be very detrimental to them.

[Sixth Philippine Legislature, second session, 1923. Thirty-three bills were vetoed]

S. 99. Authorizing the secretary of agriculture to establish, incorporate, and operate all kinds of cooperative associations. Vetoed on the principle that the department of agriculture should confine itself to rural credit associations only.

S. 149. Authorizing a new boundary line between Misamis and Zamboanga. Vetoed because it was contrary to the wishes of the governor of Zamboanga, presidente of Dapitan, and people of barrio concerned.

S. 59. Changing names of several municipalities of Ilocos Sur. Veto based on the protest of nine municipalities concerned.

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[1] The veto of the Governor General of the plebiscite and budget bureau bills was sustained by the President.

S. 83. Amending section 1203 of administrative code concerning crew of coastwise vessels. Reason for veto: Places an unnecessary burden upon insular shipping and gives certain patrons certificates without proper examination. Collector Aldanese commented unfavorably.

S. 225. Extending period of payment of loan granted to Sorsogon. Vetoed on ground that it encourages disregard of financial obligations rather than prompt settlement. Governor of the Province recommended approval.

S. 249. Creating an elective mayor for the city of Manila. Vetoed on constitutional grounds. Violates section 21 of organic act.

S. 280. Timalan water works. Vetoed on recommendation of director of public works and department secretary of commerce. Bill cancels obligation of landowners to reimburse the government.

H. 286. Granting forest right to certain municipalities. Vetoed on recommendation of director of forestry. Class legislation.

S. 288. Creating a tourist bureau. Reason for veto: No funds. Work can be discharged by existing departments and bureau.

S. 320. Establishment of a university branch in Iloilo. Vetoed on recommendation of chairman of board of regents. Permanent sources of income should first be provided and present needs of university taken care of before branches in Provinces are established.

S. 347. Extending period of payment of loan granted to Cagayan. Reasons for veto: Same as those for Sorsogon (S. 225).

S. 349. Amending section 13 of Act No. 3106, public utility. Reason for veto: Contrary to public interest and prejudicial to the building up and maintenance of regular lines of communication and transport. Recommended unfavorable by public utility commissioner.

H. 597. Extending term of collection of real property tax. Reason for veto: Removes one of most effective means for the prompt collection of taxes. Secretaries of finance and interior consulted.

H. 674. Organizing Lepanto and Amburayan into one Province. Vetoed because proposed Province will lack resources to maintain necessary provincial governmental activities. Department heads concerned consulted.

H. 991. Including in the classified service of government employees receiving salaries of ₱360 or less per annum. Vetoed on recommendation of director of civil service. Inefficient employees may enter service and extends scope of political patronage.

H. 1011. Authorizing loan to municipalities and Provinces from teachers' pension fund, such loan to be guaranteed by the insular government. Reason for veto: Insular government should not be further burdened to guarantee additional loans to cities and Provinces.

H. 1056. Boundary line of Agusan and Surigao. Vetoed for reasons that data presented are insufficient to justify action. Secretary of interior consulted.

H. 1073. Granting aid to Abra for loss of crops. Reasons for veto: Condition of insular finances require rigid economy; aid to be extended only under most unusual and urgent circumstances.

H. 1138. Retirement of civil service employees. Department heads concerned consulted. Vetoed because it will result in injustice to many old employees and in decided financial disadvantage to the government.

H. 1143. Irrigation dams and ditches. Defective as supervision and control to insure proper construction not provided for, and contains no provision to secure loans.

H. 1148. Appropriating money for the relief of indigent sufferers from public calamities. Unconstitutional. Secretary of interior empowered to distribute money without supervision and control by Governor General.

H. 1161. Authorizing chief clerk of constabulary to draw additional salary from city of Manila. Vetoed because it establishes an undesirable precedent.

H. 1171. Appropriating money for establishment of new post and telegraph offices and radio stations. Vetoed because of lack of funds. Legislature should create other sources of revenue for the extension of postal service.

H. 1243. Changing name of municipality. Inhabitants opposed to change.

H. 1196. Regulating voluntary contributions for support of schools. Vetoed on ground that existing laws, orders, and regulations amply protect interests of all concerned.

H. 1211. Establishing university branch in Laoag. Same as Iloilo.

H. 1241. Distribution of aid to baguio sufferers in Samar. Conditions in Samar do not warrant this appropriation. Based on Governor General's personal observations.

H. 1274. Guarantee for possession of firearms. Vetoed for reason that present bond is already too low.

H. 1308. Rehabilitating national bank. Not an adequate remedy for insolvent condition of bank, fundamental defects not cured; bill not given publicity; government has no effective control over reserves placed at disposal of bank. General McCoy recommended veto.

S. 216. Remitting penalty for nonpayment of land tax. Passed over veto and sent to Washington. President sustained the veto. Head of bureau concerned was consulted. See detailed statement annexed where the scope of the veto power of Governor General is fully discussed.

H. 873. Calamity fund. Returned without approval. Identical to H. Bill No. 793, vetoed last year. Constitutional grounds.

S. 244. Returned without approval. Mayor's bill, providing for successor in case of vacancy. Constitutional grounds on recommendation of Attorney General. The bill deprives the Governor General's power to make ad interim appointments as provided in the organic act.

S. 350. Board of control. Members authorized to delegate their powers. Vetoed on the ground that the functions of board are so important that the Governor General, the president of the senate, and speaker of house should be required to perform duties in person and not by proxies.

[Sixth Philippine Legislature, third session, 1924. Number of bills vetoed, 17]

S. 303. Negros Telephone & Telegraph Co. Reason for veto: Defective. Grants, besides telephone and telegraph franchise, radio and cable franchise; also bond too small; exempts grantee from income tax.

S. 393. Appropriating funds for maintenance of elementary schools. Funds in excess of budget estimate.

S. 425. Organizing the Province of Amburayan. The territory in question has neither the population nor the resources to maintain a provincial government. Municipal presidentes recommended approval.

S. 434. Granting Province of Sorsogon extension of five years to pay its loan. Vetoed on recommendation of secretary of finance as Governor General already granted a postponement administratively.

S. 435. Fixing period for payment of fees for sealing weights and measures. Vetoed on recommendation of secretary of finance. Not feasible, as measure involves a great amount of work and increase in cost of collection of fees.

S. 445. Construction and maintenance of drainage system, etc. Vetoed on recommendation of director of public works and secretary of communications as impracticable because of lack of funds.

S. 477. Extension of period of payment of loan to Cagayan. Vetoed on recommendation of secretary of finance. Postponement not advisable, as bonds will have matured before complete repayment.

H. 1052. Remission of payment of cedula taxes. Bill amounts to remission of taxes. Secretaries of interior and finance consulted.

H. 1176. Blanketing of clerks of courts into classified service. Bill undesirable to director of civil service, as it opens positions of clerks of courts to those who are inefficient.

H. 1370. Sale of forfeited real property. Encourages delinquency. Secretary of interior disapproves.

H. 1378. Regarding interisland vessels. Vetoed on objection of collector of customs. Increases cost of handling cargoes.

H. 1433. Calamity fund. Distribution to be made by Governor General, president of senate, and speaker of house. Vetoed, as financial assistance of Red Cross and office of public welfare sufficient.

H. 1562. Registration of Chinese. Unconstitutional. Opinion of attorney general is that it is an ex post facto law.

H. 1678. Condition under which government may be sued. Vetoed on the ground that method already prescribed in sections 24 and 25 of Jones law. Insular auditor holds it unconstitutional.

H. 1704. Repurchase within one year of land distrained by government for delinquency. Secretary of interior recommends veto, as it amounts to remission.

H. 1766. Examination and practice of dentistry. Present course is satisfactory. There are too few dentists in islands. Favorably recommended by president of board of dentistry.

H. 1836. Radio corporation of the Philippines. Very defective, legally. Objectionable to radio experts. Tax exemption amounts to subsidy.

[Seventh Philippine Legislature, first session, 1925. Number of vetoed bills, 24]

S. 200. Dividing Province of Misamis into two Provinces. People strongly opposed. Director Hidrosollo commented unfavorably.

S. 7, H. 675, 687, 703, 732, and 739. Issue of bonds. Vetoed as bills compel Governor General to issue bonds irrespective of the feasibility of projects. Veto recommended after consultation with officials in charge.

S. 133, 161, H. 676, 691, 696, and 757. Franchise. One of conditions of franchise is that grantee must sign an agreement that said grantee and its successors bind themselves not to engage in or aid by means of contribution in cash or otherwise any propaganda directed against the policy of the Government of the United States outlined in the message of the President of the United States addressed to the Filipino people on the 6th day of October, 1913, and of the reply message of the Philippine Assembly. Unconstitutional; attempts to curtail freedom of speech and freedom of political action.

S. 27. Functions of bureau of labor. Vetoed on the ground that it would encourage litigation on trifling reasons and expose employers of labor to unwarranted molestation.

S. 33. Summer classes. Violates principle that primary instruction should be free. Veto recommended by secretary of public instruction.

S. 144. Authorizing suit against the insular government under certain conditions. Vetoed for the reason that the method already covered by sections 24 and 25 of Jones law.

S. 155. Prescribing the number of watch and engine room officers on Philippine vessels. Commented unfavorably by Collector Aldanese. Hamper development of interisland shipping.

S. 198. Plebiscite. Unconstitutional. Not within the scope of legislative power.

H. 756. Divorce law. Bill is deemed unwise as it facilitates divorce and tends to break down the institution of the family.

H. 254. Reducing penalty for delinquency in payment of cedula tax. Encourages delinquency.

H. 747. Creating a budget bureau. Unconstitutional, on the ground of encroaching upon the powers of the Governor General in the organic law concerning the budget and also upon the rights of the legislature.

H. 39. Changing present regulations regarding municipal school funds. Interferes with efficient administration of school funds. Undersecretary of public instruction commented unfavorably.

H. 401. Letting public schools to private individuals. Unconstitutional. Objectional to school authorities. Secretary of public instruction recommended veto. Devoting public property to private use.

H. 726. Organizing new municipalities. Vetoed as unnecessary and highly undesirable; has not the population nor the resources.

[Seventh Philippine Legislature, second session, 1926. Number of bills vetoed, 44]

H. 16. An act to authorize the organization of the subprovince of Catanduanes as an independent Province. Vetoed on the recommendation of Senator Vera.

H. 172. Penalizing peace officers for ill-treatment of detained persons. Vetoed on the recommendation of the chief of police and chief of constabulary. Subject matter already covered by existing laws.

H. 569. Franchise to Gonzalo Licup. Section limiting freedom of speech and political action unconstitutional.

H. 636. Bond issue for Samar. Vetoed on the recommendation of secretary of finance and auditor. Compels Governor General to issue bonds, regardless of necessity of project.

H. 750. Amending the "Guanco bank law," by permitting Provinces and municipalities to invest their funds in banks organized under said Guanco law. Vetoed on recommendation of insular auditor, as banks will eventually become government banks.

H. 765. Transferring to secretary of justice authority to disburse insular funds for judiciary and to appoint subordinate employees of courts. Vetoed on recommendation of secretary of justice and attorney general on the ground that bureau of justice can better handle these matters.

H. 831. Prohibiting Chinese from dispensing Chinese drugs. Vetoed on recommendation of secretary of the interior. Existing laws satisfactory. Under present practice, Chinese are given special permits.

H. 904. Creating a board for investigation of processes for converting abaca and similar fibers into thread. Vetoed on the initiative of the Governor General. Should be left to private initiative.

H. 956. Additional concession to construct railroad in Luzon. Section limiting speech and political action unconstitutional.

H. 1138. Increasing personnel of bureau of lands. Vetoed on recommendation of insular auditor. Bureau already overburdened with employees.

H. 1760. Distribution of proceeds of cedula tax. Vetoed on the recommendation of the cabinet. Contrary to public interests.

H. 1821. Reorganizing municipalities of Bulalacao and municipal districts of Baco and Bongabong, Mindoro. Vetoed on recommendation of secretary of finance. No population nor resources.

H. 1854. Providing that physicians should be employed by factories, and industrial and agricultural establishments, the number of physicians to be determined by the number of laborers. Vetoed on the initiative of the Governor General. There is at present a shortage of doctors.

The following bills have been vetoed because of lack of time, they having been submitted at the closing days of the 30 days allowed by the Jones law:

S. 316. Amending the motor vehicle law.

S. 373. Pensioning of veterans of revolution. Creating a census board.

H. 1139. Candelaria franchise.

H. 1820. Savings and retirement fund of government employees.

H. 994. Amending the election law.

H. 1503. Fajardo franchise.

H. 1802. Castellana franchise.

H. 1811. Relief of invalids of Philippine revolution.

H. 1857. Official measures for measuring lumber.

H. 259. Increasing to 15 days within which appeals may be made from municipal court to court of first instance. Vetoed on recommendation of chief of police. Present period of one day is satisfactory; accused amply protected.

H. 296. Organizing new municipalities in La Union. Vetoed on own initiative of Governor General. Same reasons as the others.

H. 427. Panay franchise. Section limiting freedom of speech and political action unconstitutional.

H. 1534. Budget bureau. Unconstitutional. Substantially the same as H. 747 passed in 1925.

S. 190. Increasing the dental course by one year and adding new causes for cancellation of licenses. Vetoed on recommendation of the secretary of the interior. Present law satisfactory.

S. 314. Organizing a society for prevention against cruelty to animals. Vetoed on own initiative of Governor General. Section of bill requiring prior consent of Province or municipality before a branch can be established is objectionable.

H. 1167. Bond issue for Camarines Sur. Vetoed on recommendation of insular auditor. Burden imposed is beyond paying capacity of Province.

H. 1333. Amending procedure of approving municipal allotments. One section provides that items not exceeding ₱200 need not be approved by provincial treasurer. Vetoed on recommendation of secretary of the interior. Deprives treasurer of control of public funds.

H. 1364. Bond issue for Masbate. Vetoed on own initiative of Governor General, as the law compels him to issue bonds regardless of necessity of project.

H. 1436. Providing that bonus of craftsmen in bureau of printing may be paid within first three months of next succeeding year. Present law makes payment at the end of succeeding year. Vetoed on recommendation of secretary of finance. Present law satisfactory.

H. 1612. Establishing public-land settlements and creating a division in the bureau of lands for the purpose. Vetoed on the initiative of Governor General. Involves unnecessary expenditure of public funds. Land settlements should be left to private initiative.

H. 1658. Fixing period within which to pay cost of irrigation works. Unconstitutional. Defective title. Makes no reference to money appropriated.

H. 1661. Changing distribution of proceeds of cedula tax. Vetoed on recommendation of the cabinet. Contrary to public interests.

H. 1665. Changing name of a city street. Vetoed on recommendation of the city mayor. Tends to confuse land titles.

H. 1709. Amending act with regard to unfair competition. Under the proposed amendment, by the mere filing of an affidavit and a bond, plaintiff, without deciding the merits of controversy, may secure a writ of attachment on the alleged imitated goods. Vetoed on the initiative of the Governor General.

H. 1711. Creating a department of the Far East in the University of the Philippines. Vetoed on the recommendation of the secretary of public instruction. This matter should be handled directly by the board of regents.

H. 1739. Providing that the teaching of Philippine history in public and private schools be compulsory. Vetoed on recommendation of secretary of public instruction. Interferes with the pedagogical jurisdiction of the director of education.

S. 213. Dividing the Province of Misamis into two Provinces. Vetoed on the initiative of the Governor General. Already too many Provinces for efficient administration.

S. 248. Prohibiting the exportation of buri seeds. Unconstitutional.

S. 272. Mayoralty bill. Making the term of office of the mayor coincide with the term of the legislature. Vetoed on the initiative of Governor General. Bill if approved will inject politics in the administration of the city.

S. 214. Plebiscite bill. Unconstitutional. Passed over veto and forwarded to Washington. This is the same bill which was passed last year and vetoed (S. No. 198).

S. 212. Authorizing suit against the Philippine government under certain conditions. Unconstitutional. This is the same as bill S. 144, which was passed in 1925 and vetoed.

PAPERS RELATING TO THE APPEAL OF THE PHILIPPINE LEGISLATURE TO THE PRESIDENT OF THE UNITED STATES FROM THE GOVERNOR GENERAL'S VETO OF A BILL PROVIDING FOR THE REMISSION OF THE PENALTY OF NONPAYMENT OF THE LAND TAX

MEMORANDUM ON BEHALF OF THE PHILIPPINE LEGISLATURE FOR THE PRESIDENT OF THE UNITED STATES

WASHINGTON, D. C., *March 18, 1924.*

Subject: Appeal of the Philippine Legislature from the Governor General's action in vetoing a bill entitled "An act remitting the penalty of the land tax in the Philippine Islands for the year 1923."

This appeal is submitted under section 19 of the act of Congress of August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those Islands," which provides in part as follows:

"Every bill and joint resolution which shall have passed both houses shall, before it becomes a law, be presented to the Governor General. If he approve the same, he shall sign it; but if not, he shall return it with his objections to that house in which it shall have originated, which shall enter the objections at large on its journal and proceed to reconsider it. If, after such reconsideration, two-thirds of the members elected to that house shall agree to pass the same, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two-thirds of all the members elected to that house, it shall be sent to the Governor General, who, in case he shall then not approve, shall transmit the same to the President of the United States. The vote of each house shall be by the yeas and nays, and the names of the members voting for and against shall be entered on the journal. If the President of the United States approve the same, he shall sign it and it shall become a law. If he shall not approve the same, he shall return it to the Governor General, so stating, and it shall not become a law."

The act vetoed, which is the subject of this appeal, reads thus:

An Act Remitting the penalty of the land tax in the Philippine Islands for the year 1923

"*Be it enacted by the senate and house of representatives of the Philippines in legislature assembled and by the authority of the same,* That the penalty of the land tax in the Philippine Islands for the year 1923 is hereby remitted: *Provided, however,* That penalties already paid shall not be refunded, but credited as payments on the land tax for the next following year.

"SEC. 2. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

"SEC. 3. This act shall take effect on its approval."

The foregoing bill was passed by the Philippine senate on October 24, 1923, and by the house of representatives of the Philippine Islands on October 29, 1923. The same was disapproved by the Governor General on November 24, 1923, and repassed by more than two-thirds vote of the elected members on November 26, 1923, by the Philippine senate and on November 27, 1923, by the house of representatives. The vote in favor of repassing the bill was unanimous in both houses of the legislature, members of the opposition party joining those of the majority party in the desire to have this bill enacted into law. This unanimous vote demonstrates the united effort of the islands' chosen representatives to afford some measure of relief to the Filipino farmer.

The present appeal is based principally on two grounds:

First. That the Governor General has no power under the Philippine organic act to veto the bill under discussion, which is not unconstitutional and is of mere domestic concern.

Second. That even granting that such power resides in the Governor General, still the disapproval of this bill was unwarranted and unwise because—

(*a*) The bill is intended to provide relief from failure of crops.

(*b*) The measure is but a continuation of a practice followed since 1902.

(*c*) The activities of the provincial and municipal governments would not be hampered by this bill.

(*d*) The final disapproval of this measure might diminish the confidence of the people in the ability of the government to afford relief in cases of emergency.

(*e*) The Philippine Legislature is in a better position to know the needs of the Filipino people.

(*f*) The different Provinces and municipalities, which alone are affected by this tax because no portion of it goes to the insular treasury, have petitioned for the measure. The inhabitants of many regions visited by the legislature have urged its passage. And the executive bureau and the department of the interior, which exercise supervision over local governments, have likewise recommended the enactment of the bill.

I. THE POWER OF THE GOVERNOR GENERAL

The bill in question does not run counter to any provisions of the organic act and is of mere domestic concern, and for this reason the Governor General has no power to disapprove the same.

The Governor General in disapproving this bill does not question its constitutionality, for there is nothing in the Jones law which limits the power of the legislature on this subject.

That this bill concerns only the internal affairs of the Philippines is also unquestionable, and the Governor General does not justify his action on the ground that the measure affects the relations between the United States and other nations. Not one cent of the tax penalty to be remitted goes to the United States Treasury.

The main purpose of the Jones law, as formulated in the preamble, reads as follows:

"An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands.

"Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

"Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence."

The object of the United States Congress in establishing a more autonomous government for the Filipino people is unequivocally formulated in the preamble, thus: "In order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to assume the responsibilities and enjoy all the privileges of complete independence." What, in the mind of Congress, was the way in which the Filipino people could be prepared to become independent; by having a free hand in domestic legislation or by being under the close surveillance of the chief executive, who could accept or reject any bill that he thought was undesirable? It goes without saying that the former is the method evidently contemplated by Congress. Such questions as the one involved in the bill under discussion were meant to be handled by the local legislature. It was undoubtedly foreseen that the Philippine Legislature, as a human institution, would be liable to make mistakes in legislation, but it is not unreasonable to suppose that Congress wanted the Filipinos to profit by their errors. It must have been the idea of Congress that the capacity of the Filipino people for self-direction should be tested by the manner in which they learned the lesson of their own hard and bitter experience. Moreover, it should be borne in mind that the passage of the Jones law was to develop Filipino capacity and not American capacity in the management of Philippine affairs. Nor was it

to give an opportunity to American officials to work out their own pet theories of administration or their own peculiar ideas as to what constitutes wise legislation. It was, rather, to give a chance to the Filipinos to demonstrate their ability for self-government.

Having seen that the reservation of the exercise of the rights of sovereignty in the Jones law does not warrant an unrestrained use of the veto power of the Governor General, let us ascertain what bills he may disapprove according to the intent of the organic act. We may divide such bills into four classes: (1) Those bills which are manifestly unconstitutional; (2) those which are in violation of any treaty of the United States with other nations; (3) those which discriminate against the citizens or subjects of other nations; and (4) those which attempt to challenge or diminish American sovereignty over these islands. All these bills he may veto. The bill in question does not come under any of the above classes.

The first class of bills may be disapproved by the chief executive, for certainly he is not obliged to sign a bill which manifestly violates the supreme law of the land. The right to reject bills which are clearly unconstitutional is part of the veto power of State governors and the President of the United States (25 Ruling Case Law, 888; Woodburn, American Republic, p. 149). Under this heading would come in the Philippines, for example, any attempt to legislate on matters already regulated by an act of Congress; any bill curtailing any of the individual rights and liberties, or diminishing the prerogatives of the chief executive under the Jones law, or any proposed measure which is contrary to the organic act. But it should be distinctly understood that the only time he can set up the unconstitutionality of an act of the legislature is when the same is submitted to him for approval or disapproval. After the law has been approved by him neither he nor any of his successors can question its validity so long as it has not been annulled by the Philippine Legislature, by Congress, or by the courts.

Moreover, the phrase "without in the meantime impairing the exercise of the rights of sovereignty by the people of the United States" is clearly intended as a limitation upon the Filipino people's control of their domestic affairs. How, then, should this clause be construed in connection with the veto power of the Governor General? Does it authorize the Governor General to veto bills of domestic character which in his personal opinion are hasty, unwise, or ill advised, although they are not manifestly unconstitutional and do not affect the sovereignty of the United States? We answer in the negative.

In the first place, an affirmative reply to the above question would destroy the establishment of a "more autonomous government" and the grant to the Filipino people of "a large control of their domestic affairs." It is one of the canons of statutory construction that provisos and exceptions should never defeat the main object of the law.

Sutherland in his standard work on Statutory Construction says, in section 352: "Where it (a proviso) follows and restricts an enacting clause generally in its scope and language it is to be strictly construed and limited to objects fairly within its terms."

The Supreme Court of the United States has held that "when the enacting clause is general in its language and objects, and a proviso is afterwards introduced, that proviso is strictly construed, and takes no case out of the enacting clause which does not fall fully within its terms." (*United States* v. *Dickson*, 15 Pet. 141; 10 L. Ed. 689.)

The law on this point is also stated in volume 36, Cyclopedia of Law and Procedure, page 1162, thus: "The enacting clause is of course the principal part of the statute, and as its terms may be presumed to have embodied the main object of the act, the proviso should be strictly construed."

In Ruling Case Law, volume 25, page 986, we read: "And since the office of a proviso is not to repeal the main provisions of the act, but to limit their application, no proviso should be so construed as to destroy those provisions. A construction of a proviso which would make it plainly repugnant to the body of the act should be rejected, if possible."

The supreme court of the Philippines, in the case of *Borromeo* v. *Mariano*, XIX Off. Gaz. 301 (decided in January, 1921), held that a proviso "should not be construed so as to repeal or destroy the main provisions of the statute."

Applying the foregoing principles to the present question, it is to be observed that the establishment of a "more autonomous government," and the placing in the hands of the Filipinos of a "large control of their domestic affairs"

are the main provisions, while the clause "without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States," is in the nature of a proviso or exception. This clause should therefore be strictly construed, and should never be so interpreted as to destroy the main object of Congress, which is to provide a "more autonomous government," and to grant to the Filipino people a "large control of their domestic affairs." However, the Governor General's action in vetoing the bill in question simply because in his opinion it is unwise or inadvisable, defeats the principal declaration conferring autonomy to the Filipino people. If he can disapprove or reject any bill in his unconfined discretion, self-government in the Philippines, which is the main purpose of the Jones law, becomes ineffectual and impossible. To uphold the Governor General's view would be tantamount to saying that Congress granted to the Filipino people powers which at the same time it denied.

Again, section 19 of the Jones law provides in part as follows:

"Every bill and joint resolution which shall have passed both houses shall, before it becomes a law, be presented to the Governor General. If he approves the same, he shall sign it; but if not, he shall return it with his objections to that house in which it shall have originated, which shall enter the objections at large on its journal and proceed to reconsider it. If, after such reconsideration, two-thirds of the members elected to that house shall agree to pass the same, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two-thirds of all the members elected to that house, it shall be sent to the Governor General, who in case he shall then not approve, shall transmit the same to the President of the United States. The vote of each house shall be by the yeas and nays, and the names of the members voting for and against shall be entered on the journal. If the President of the United States approves the same, he shall sign it and it shall become a law. If he shall not approve the same, he shall return it to the Governor General, so stating, and it shall not become a law."

It will be noted (1) that the above section requires the Governor General to state his reasons for disapproving any bill: (2) that in case the Governor General should insist upon his veto, after a bill has been considered for the second time by the legislature and passed by a two-thirds vote of the elective members of that body, the matter must be submitted to the President of the United States for decision; and (3) that this appeal to the President must necessarily take place, should a bill be repassed by the required vote of the legislature and revetoed by the chief executive. These three constitutional restraints, taken separately and together, strongly indicate the intention of Congress that the veto power of the Governor General shall not rest absolutely upon his discretion and that there are certain classes of bills which are beyond the reach of such power.

If the veto power is unlimited, why should the Jones law make it the duty of the chief executive to specify his objections in case he should reject a bill? If it should be true that his discretion in the matter of approving or disapproving a bill is beyond question, there would be no reason for requiring him to state his grounds, in order that such grounds may be subjected to a careful analysis and consideration not only by the Philippine Legislature but also by public opinion. It is a well-known principle that when an official has a final and absolute discretion to take action in any matter, it is not necessary for him to explain such action before any government official or body.

As for the appeal to the President, it should be plain to anybody that if Congress had intended that the veto power of the Governor General is to be unrestrained and that it is exclusively within the discretion and judgment of the chief executive of the Philippines to determine what bills are to be approved and what to be disapproved, then why was the appeal to the President provided for?

That such a remedy was established in order to have the Governor General's veto in each instance reviewed and passed upon by the President of the United States is proof positive that the United States Congress has foreseen the possibility of the veto power being unduly or improperly wielded by the Governor General. To provide a safeguard against such a serious curtailment of the autonomy of the Filipino people, which is the main object of the Jones law, the United States Congress has created this method of submitting each bill disapproved to the President of the United States.

Furthermore, the title of the Jones law reads thus: "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands and to provide a more autonomous government for those islands."

The unrestricted use of the veto power by the Governor General places the Filipino people in a worse position, as far as autonomy is concerned, than they were before the passage of the Jones law. This is manifestly destructive of the clear intent of the United States Congress in the new organic act. It will be remembered that from October, 1913, to the passage of the Jones law in August, 1916—that is, for a period of nearly three years—both houses of the Philippine Legislature were in the hands of the Filipinos, and there was no veto power of the Governor General, under the old organic act of July 1, 1902. During those three years the Philippine Assembly was composed wholly of Filipinos and the Philippine Commission, or upper house, had a majority of Filipinos. The Governor General, who was then also the president of the Philippine Commission, had no power to veto any bill passed by the Philippine Assembly and the Philippine Commission. The only check to this control of the Filipinos of the legislative power because of the newly appointed Filipino majority on the commission was section 86 of the old organic act whereby Congress reserved the power and the authority to annul all laws passed by the Government of the Philippine Islands. This provision is reenacted in the Jones law.

Now, then, this stage of development of Filipino autonomy was known to the United States Congress when in 1916 it passed the Jones law, whose title reads thus: "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands." Hence, no great mental exertion is necessary to understand that the intention of the United States Congress in giving the veto power to the Governor General was not to destroy the legislative control which had already been enjoyed by the Filipino people for three years, but simply to reserve the authority of the United States through the Governor General to annul bills passed in extreme and extraordinary cases which might arise where such bills attempt to challenge, destroy, or impair American sovereignty. It was never intended to be used in ordinary legislation which regulates domestic affairs and which does not affect American sovereignty. And yet the Governor General's interpretation of his veto power has made this government less autonomous than before the passage of the Jones law, because the legislative control of the Filipinos from 1913 to 1916 is virtually transferred into his hands, inasmuch as he has disapproved bills in his free and untrammeled discretion, thus practically reducing the Philippine Legislature into a mere advisory body, and he can accept or reject its advice as he pleases. He has thus by his strict interpretation of the Jones law nullified the evident and unmistakable object of Congress in establishing a "more autonomous government" for these islands, by making it actually and really less autonomous.

Finally, the abuse of the veto power which interferes with the management of local affairs is incompatible with the general policy of the United States Congress in establishing territorial governments in newly acquired territories.

The following are some of the judicial interpretations of the norm of action followed by Congress in providing for the government of these Territories. These judicial pronouncements were made in connection with questions relating to the organic laws of these Territories.

In 1872 the Supreme Court of the United States had occasion to announce what, in the opinion of that august body, the policy of Congress was in the establishment of government in these Territories. In the case of Clinton *v.* Englebrecht (13 Wall. (U. S.) 434), decided in 1872, the Federal Supreme Court had before it a certain law passed by the Territorial Legislature of Utah. The court said, in part:

"The theory upon which the various governments for portions of the territory of the United States have been organized has ever been that of leaving the inhabitants all the powers of self-government consistent with the supremacy and supervision of national authority, and with certain fundamental principles established by Congress."

In another case, Hornbuckle *v.* Toombs, 85 U. S. 375, 21 L. Ed. 966 (decided in 1864), the Supreme Court of the United States, in discussing a certain territorial law of Montana, said:

"As a general thing, subject to the general scheme of local government chalked out by the organic act and such special provisions as are contained therein, the local legislature has been intrusted with the enactment of the entire system of municipal law, subject also, however, to the right of Congress to revise, alter, and revoke at its discretion. The powers thus exercised by the Territorial legislature are nearly as extensive as those exercised by any State legislature."

II. THE VETO IN THIS CASE WAS UNWARRANTED AND UNWISE

But even granting that the Governor General has constitutional power to disapprove the bill under discussion, yet we submit that it is not sound policy to disapprove a measure intended to provide relief from the failure of crops.

In 1923 nine typhoons visited different parts of the islands. In many Provinces floods destroyed the crops while drought seriously affected agricultural production. During the first half of 1923 good crops planted on 372,041 hectares of land were damaged by typhoon, flood, and drought, as compared with 221,334 hectares during the first half of 1922, or an increase of 60 per cent in crop failure because of calamities. This situation was aggravated by rinderpest and anthrax which killed thousands of work animals. Small wonder then that by May 1, 1923, the last day for the payment of land tax without penalty, a large proportion of the amount due could not be paid by the taxpayer, and upon failure to pay on December 1, 1923, the land was subject to forfeiture to the government. By November 1, 1923, there were already 38,894 parcels forfeited to the government.

The bill does not inaugurate a new policy. In passing this bill the Philippine Legislature was not inaugurating a new policy, but was merely following the practice started as early as 1902. Since that year more than 70 acts have been passed extending the time for payment of the land tax without penalty. In more than one instance the Philippine Commission not only remitted the penalty but the tax itself. Moreover, numerous executive orders have been issued by the Governor General, under the powers in him vested by law on this subject, some postponing the date of payment, others condoning the penalty in whole or in part. Since August, 1921, nine executive orders have been issued waiving 20 per cent of the penalty, provided the tax was paid on or about a certain day named.

That the need for the remission of the penalty for 1923 was more keenly felt than in previous years will be seen when we consider: First, that said year had been unusually beset with calamities; and, second, that during that year there was no calamity fund as there had been in previous years, because the Governor General vetoed the bill setting aside a certain amount for this purpose, although such measure had been recommended by him.

Local activities not affected.—The program of activities of the provincial and municipal governments would not be affected or impaired by the proposed law because the amount to be remitted is very small. Under the bill in question only ₱445,446.98 would have to be credited to taxpayers on payment of their 1924 land tax. This amount would be only 1.9 per cent of the collection for 1923, which, according to the insular auditor, will be about ₱23,425,415.31. Furthermore, the Provinces and municipalities, according to the insular auditor, had surplus funds on January 1, 1923, amounting to ₱78,448,018.14.

Moral significance of the proposed measure.—The Philippine Legislature is not unmindful of the solemn obligation of every citizen to help bear the burdens of government. Hence the law provides for penalty for nonpayment of taxes. Such penalty, however, is imposed for the purpose of punishing negligence or unwillingness to pay taxes. In principle and as a matter of good policy no punishment should be meted out when failure to pay is brought about by circumstances beyond the control of the citizen. Hence the unquestionable justice and fairness of the bill unanimously passed by the people's representatives. Its equitableness being so evident to the people, its final disapproval would go far toward undermining the people's faith in the ability of the government to appreciate the suffering and to meet the needs of the citizenry. This state of mind would be accentuated when forfeitures of private lands on a large scale are carried out by the government to add to the already vast areas of unused public land. On the other hand, should the government come to the aid of the citizens at this precarious time the people would see with renewed confidence the responsiveness of the government to their needs and its quick sense of justice.

Taxation and representation.—The Governor General in disapproving the bill states among other things that it is pernicious in that it interferes with the administrative department which is charged with the duty of collecting taxes. The power to levy taxes is unquestionably vested in the Philippine Legislature and executive officials are mere agents of the lawmaking power in the execution of the tax laws. The legislature, having power to tax, has also power to condone penalties for nonpayment of any tax. The representatives of the people are in a better position to know whether or not the situation of the country calls for the imposition of penalty.

Local autonomy.—In the month of June a delegation of the Philippine Legislature went on a tour of inspection through the Visayan and Bicol regions and the northern part of Mindanao to study the needs of the people. This delegation received countless petitions of the localities visited, urging the remission of the penalty for nonpayment of the land tax in view of the failure of crops. Moreover, the provincial boards and municipal councils, which alone were affected, because the land tax is for local purposes only, asked for the proposed measure, and the executive bureau and the department of the interior, which under the law exercises supervisory functions over the provincial and municipal governments and are acquainted with the needs of local administration, also recommended the action contemplated. The policy of the insular government has always been to permit the several Provinces and municipalities to exercise the largest possible measure of local autonomy. But by this veto of the Governor General the autonomy of the Provinces and municipalities, which are the only beneficiaries of the land tax, is nullified.

RECAPITULATION

Summarizing, we submit that the bill under discussion should be approved by the President of the United States for the following reasons:

1. The Governor General has no power under the Philippine organic act to veto the bill, which is not unconstitutional and is of mere domestic concern.

2. Even granting that such power resides in the Governor General, still the disapproval of this bill was unwarranted and unwise because—

(*a*) The bill is intended to provide relief from failure of crops.

(*b*) The measure is but the continuation of a practice followed since 1902.

(*c*) The activities of the provincial and municipal governments would not be hampered by this bill.

(*d*) The final disapproval of this measure might diminish the confidence of the people in the ability of the government to afford relief in cases of emergency.

(*e*) The Philippine Legislature is in a better position to know the needs of the Filipino people.

(*f*) The different Provinces and municipalities, which alone are affected by this tax, because no portion of it goes to the insular treasury, have petitioned for the measure. The inhabitants of many regions visited by the legislature have urged its passage. And the executive bureau of the department of the interior, which exercises supervision over local governments, have likewise recommended the enactment of the bill.

Respectfully submitted.

_____ _____,
Speaker, House of Representatives of the Philippines,
Special Commissioner to the United States.

_____ _____,
Resident Commissioner.

_____ _____,
Resident Commissioner.

MANILA, *January 24, 1924.*

DEAR MR. SECRETARY: The Philippine Legislature has passed over the veto of the Governor General the inclosed senate bill No. 216, entitled "An act remitting the penalty on the land tax in the Philippine Islands for the year 1923." The bill and all essential papers, including the roll call on repassage are herewith submitted to the President for final action in accordance with section 19 of the organic act.

In my opinion this action was taken by the Filipino leaders principally for the purpose of testing the scope of the veto power of the Governor General as defined in the organic act and your interpretative telegram of October 11, 1923, and in the hope of securing a recognition of their contention that the veto power does not extend to legislation of local import only.

In the conferences on this bill which I had with the leaders of the legislature and with interested members of the government prior to the passage of the bill, it was generally admitted that this was an unsound bill and would establish a dangerous precedent. In spite of this, political expediency and a desire to test the Governor General's veto power appear to have induced the leaders to have the bill passed.

After failure to secure any modification of the bill, I returned it to the legislature with my veto, with the following letter of transmittal:

OFFICE OF THE GOVERNOR GENERAL
OF THE PHILIPPINE ISLANDS,
Manila, November 24, 1923.

GENTLEMEN OF THE LEGISLATURE: I have the honor to return herewith senate bill No. 216, entitled "An act remitting the penalty on the land tax in the Philippine Islands for the year 1923," which I am constrained to veto.

After most careful consideration, and after fullest discussion with those directly concerned in the administration of the government, I can not conscientiously approve this bill, for the following reasons:

I consider the proposed law unsound in that it interferes with the administrative machinery for the collection of taxes by removing one of the chief incentives provided to secure the prompt payment of taxes. It tends to encourage dilatoriness and neglect in the discharge with due promptness of the essential duty of all citizens to contribute to the necessary and lawful support of the government. It is unjust to the citizen who has already promptly met his obligations to the government and paid his taxes when they were due.

While in previous years penalties for nonpayment of taxes have been conditionally suspended, the proposed bill condones and abrogates completely the penalty on the entire land tax for the current year, and is applicable not merely to Provinces that might be laboring under special disability due to calamity, but is of general application without reference to local conditions.

Very respectfully,

LEONARD WOOD, *Governor General.*

The PHILIPPINE LEGISLATURE
(Through the secretary of the senate, Manila).

In addition to the reasons given in the foregoing letter, I would state that one of the Philippine statutes at present in effect authorizes the Governor General to extend the period wherein the land tax may be paid without penalty, and to remit the penalty or even the tax in any Province where special circumstances such as failure of crops or other public calamity make it necessary.

Throughout the year on my frequent and extended visits of inspection in practically all parts of the islands I have given most careful consideration to all claims which have been made for the extension of the period for the payment of the land tax without penalty. In some cases I have granted it. There has been no evidence, however, of conditions which would justify a general remission of the penalty throughout the islands. The business situation has markedly improved, and there has been a general condition of comparative prosperity and good order; in brief, nothing whatever to justify such general remission. Moreover, I requested the president of the senate and the speaker of the house to have the bill reconsidered and embody in it some recital of facts and reasons which would justify such general remission. This they declined to do.

This bill has been chosen by the leaders as supplying excellent material for propaganda among the people here, since it appears to be a measure enacted to relieve distress (which has not existed) and extensive general losses (which have not occurred), and therefore appeals to humanitarian instinct of those who are not informed as to actual conditions. It is vicious in principle, in that it encourages a persistent tendency to the view that all onerous duties of citizenship may be avoided by political action. It is, furthermore, impracticable, in that the intent of the law is not clearly expressed in its terms to

such an extent that there would unquestionably be confusion in administration and difficulty in execution. Moreover, the present law confers ample authority upon the Governor General for the relief of any distress incident to natural calamity. Another serious objection is that it imposes a penalty upon law-abiding citizens who have promptly paid their laxes and confers a decided advantage on those who seek to evade this lawful duty. To encourage this procedure would threaten the very foundation of good government.

I therefore earnestly recommend that my veto of senate bill No. 216, entitled "An act remitting the penalty on the land tax in the Philippine Islands for the year 1923," be sustained.

Sincerely yours,

LEONARD WOOD, *Governor General.*

Hon. JOHN W. WEEKS,
Secretary of War, Washington, D. C.

PHILIPPINE LEGISLATURE,
HOUSE OF REPRESENTATIVES,
Manila, December 1, 1923.

SIR: I have the honor to inform you that the inclosed senate bill No. 216, entiled "An act remitting the penalty on the land tax in the Philippine Islands for the year 1923," having been vetoed by your excellency, the senate, at its session held on November 26, 1923, and the house of representatives, at its session on November 27, 1923, reconsidered and passed said bill with the concurrence of two-thirds of the elective members of each house of the legislature.

Very respectfully,

A. DE LAS ALAS,
Speaker House of Representatives.

The GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS,
Manila.

[Sixth Philippine Legislature, second session, begun and held at the city of Manila on Tuesday, the 16th day of October, 1923]

AN Act Remitting the penalty on the land tax in the Philippine Islands for the year 1923

Be it enacted by the Senate and House of Representatives of the Philippines in legislature assembled and by the authority of the same:

SECTION 1. The penalty on the land tax in the Philippine Islands for the year 1923 is hereby remitted: *Provided, however,* That penalties already paid shall not be refunded, but credited as payments on the land tax for the next following year.

SEC. 2. All acts or parts of acts inconsistent with the provisions of this act are hereby repealed.

SEC. 3. This act shall take effect on its approval.

Approved.

MANUEL L. QUEZON,
President of the Senate.
MANUEL ROXAS,
Speaker of the House of Representatives.

This act, which originated in the Philippine senate, was finally passed by the same on October 24, 1923.

FAUSTINO AGUILAR,
Secretary of the Senate.

Finally passed by the house of representatives on October 29, 1923.

FELICIANO GOMEZ,
Secretary of the House of Representatives.

Vetoed.

LEONARD WOOD,
Governor General.

SYNOPSIS OF MEMORANDUM SUBMITTED BY THE PHILIPPINE LEGISLATURE TO THE PRESIDENT OF THE UNITED STATES ON THE SENATE BILL NO. 216

The memorandum submitted by the legislature to the President of the United States on the bill shows that in accordance with the present organic act, while the purpose was to train the Filipinos in self-government, yet it was not intended by Congress that the powers of the Governor General of the islands should be greater than what were ordinarily given to other executives under the American system of government.

The memorandum of the Philippine Legislature for the President of the United States submitted on March 18, 1924, and published for the first time, states, in part:

"The present appeal is based principally on two grounds:

"First, that the Governor General has no power under the Philippine organic act to veto the bill under discussion, which is not unconstitutional and is of mere domestic concern.

"Second, that even granting that such power resides in the Governor General, still the disapproval of this bll was unwarranted and unwise because—

"(*a*) The bill is intended to provide relief from failure of crops.

"(*b*) The measure is but a continuation of a practice followed since 1902.

"(*c*) The activities of the provincial and municipal governments would not be hampered by this bill.

"(*d*) The final disapproval of this measure might diminish the confidence of the people in the ability of the government to afford relief in cases of emergency.

"(*e*) The Philippine Legislature is in a better position to know the needs of the Filipino people.

"(*f*) The different Provinces and municipalities, which alone are affected by this tax, because no portion of it goes to the insular treasury, have petitioned for the measure. The inhabitants of many regions visited by the legislature have urged its passage. And the executive bureau and the department of the interior, which exercise supervision over local governments, have likewise recommended the enactment of the bill.

"The unrestricted use of the veto power by the Governor General places the Filipino people in a worse position, as far as autonomy is concerned, than they were before the passage of the Jones law. This is manifestly destructive of the clear intent of the United States Congress in the new organic act. It will be remembered that from October, 1913, to the passage of the Jones law in August, 1916, both houses of the Philippine Legislature were in the hands of the Filipinos and there was no veto power of the Governor General under the old organic act of July 1, 1902. During those three years the Philippine Assembly was composed wholly of Filipinos, and the Philippine commission, or upper house, had a majority of Filipinos. The Governor General, who was then also the president of the Philippine commission, had no power to veto any bill passed by the Philippine Assembly and the Philippine commission. The only check to this control of the Filipinos of the legislative power, because of the newly appointed Filipino majority on the commission, was section 86 of the old organic act whereby Congress reserved the power and the authority to annul all laws passed by the government of the Philippine Islands. This provision is reenacted in the Jones law.

"Now, then, this stage of development of Filipino autonomy was known to the United States Congress when in 1916 it passed the Jones law, whose title reads thus: 'An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands and to provide a more autonomous government for those islands.' Hence, no great mental exertion is necessary to understand that the intention of the United States Congress in giving the veto power to the Governor General was not to destroy the legislative control which had already been enjoyed by the Filipino people for three years, but simply to reserve the authority of the United States through the Governor General to annul bills passed in extreme and extraordinary cases which might arise where such bills attempt to challenge, destroy, or impair American sovereignty.

"Finally, the abuse of the veto power, which interferes with the management of local affairs, is incompatible with the general policy of the United States Congress in establishing Territorial governments in newly acquired Territories.

"In 1923 nine typhoons visited different parts of the islands. In many Provinces floods destroyed the crops, while drought seriously affected agricultural production. During the first half of 1923 good crops planted on 372,041 hectares of land were damaged by typhoon, flood, and drought, as compared with 221,334 hectares during the first half of 1922, or an increase of 60 per cent in crop failure because of calamities. The situation was aggravated by rinderpest and anthrax, which killed thousands of work animals. Small wonder, then, that by May 1, 1923, the last day for payment of the land tax without penalty, a large proportion of the amount due could not be paid by the taxpayer, and upon failure to pay on December 1, 1923, the land was subject to forfeiture to the government. By November 1, 1923, there were already 38,894 parcels forfeited to the government.

"That the need for the remission of the penalty for 1923 was more keenly felt than in previous years will be seen when we consider, first, that said year had been unusually beset with calamities, and second, that during that year there was no calamity fund, as there had been in previous years, because the Governor General vetoed the bill setting aside a certain amount for its purpose, although such measure had been recommended by him.

"*Taxation and representation.*—The Governor General in disapproving the bill states among other things that it is pernicious in that it interferes with the administrative department which is charged with the duty of collecting taxes. The power to levy taxes is unquestionably vested in the Philippine Legislature, and executive officials are mere agents of the lawmaking power in the execution of the tax laws. The legislature, having power to tax, has also power to condone penalties of nonpayment of any tax. The representatives of the people are in a better position to know whether or not the situation of the country calls for the imposition of penalty."

THE WHITE HOUSE,
Washington, April 12, 1924.

The GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS
(Through the Secretary of War).

I return herewith the bill of the Philippine Legislature known as Senate Bill No. 216, entitled "An act remitting the penalty on the land tax in the Philippine Islands for the year 1923."

This bill is submitted to me in accordance with section 19 of "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," approved August 29, 1916. This act provides:

"If the President of the United States approve the same, he shall sign it and it shall become a law. If he shall not approve same, he shall return it to the Governor General, so stating, and it shall not become a law."

After mature consideration of the bill itself, of your veto message, and of the memorandum on behalf of the Philippine Legislature on the subject, dated March 18, 1924, and signed by the speaker of the house of representatives and the two Resident Commissioners from the Philippine Islands, I return the bill to you with my disapproval. I find myself in complete accord with what is set forth in your veto message of November 24, 1923, to the legislature.

The memorandum on behalf of the Philippine Legislature submitted as aforesaid makes an appeal principally on two grounds:

"First, that the Governor General has no power under the Philippine organic act to veto the bill under discussion, which is not unconstitutional and is of mere domestic concern."

By the organic law it is made the duty of the Governor General either to approve or disapprove every bill which is passed by the Philippine Legislature. When the Governor General can not conscientiously give his approval to a bill he is required by the organic law to give his reasons for disapproving.

As is shown in the opinion of the Judge Advocate General of the Army, there is absolutely no ground for the contention that the exercise of the duty imposed on the Governor General by the organic law in this respect is in any way limited to a particular class of bills. The precedents in the Philippine Islands alone show that this theory was only advanced as of possible use in a controversy with the Governor General. The first three bills vetoed by the former Governor General in the Philippine Islands after the passage of the present organic law would all be classed as local bills if the bill under consid-

eration could be so classed. The assumption that the Governor General could not veto bills of certain classes carries with it the assumption that he must approve such bills contrary to his own conscientious judgment.

"Second, that even granting that such power resides in the Governor General, still the disapproval of this bill was unwarranted and unwise."

The mere title of the bill is a sufficient answer to this contention. The title is "An act remitting the penalty on the land tax in the Philippine Islands for the year 1923." The title sufficiently explains the object of the bill. The year 1923 was, as compared with previous years in the Philippine Islands, one very favorable to the meeting of obligations. As the Governor General points out in his message:

"The proposed bill condones and abrogates completely the penalty on the entire land tax for the current year and is applicable not merely to Provinces that might be laboring under special disability due to calamity but is of general application without reference to local conditions.

An appeal of the Philippine Legislature to the President when bills passed by that body are vetoed by the Governor General is entitled to the gravest consideration and will receive it. The powers of the Governor General were intentionally made greater than the powers ordinarily given to executives in our system of government because of the accepted theory that we were training in self-government people who had not experience therein and who were to be guided by an executive selected with a view to his ability so to do. As a check against the abuse of this power of veto accorded the Governor General, the legislature is given the right of appeal to the President.

CALVIN COOLIDGE.

WAR DEPARTMENT,
OFFICE OF THE JUDGE ADVOCATE GENERAL,
Washington, April 4, 1924.

Memorandum for the Secretary of War.

Subject: Senate bill No. 216, Philippine Legislature, vetoed by the Governor General, passed over his veto, and now submitted to the President for his approval or disapproval.

1. By reference slip attached thereto, dated March 22, 1924, you have referred a memorandum dated March 20, 1924, prepared by the Chief, Bureau of Insular Affairs, for the Secretary of War, on the above subject, to this office, "for necessary action." In addition to papers showing the procedure which has thus far been had on this bill, there are also referred a letter of the Governor General to the Secretary of War, in which the former sets forth the reasons for his veto, a memorandum for the President dated March 18, 1924, signed by the two Resident Commissioners and the special commissioner to the United States of the Philippine Islands, in which the position is taken that the Governor General is without legal power to interpose a veto to this bill, and that even if possessed of such power his veto was unwarranted under the circumstances, and a memorandum dated March 12, 1924, prepared by the Chief, Bureau of Insular Affairs, for the Secretary of War, in which the former recommends that the President disapprove this act, as provided in section 19 of the Philippine organic act.

2. The discussion contained in these various documents may be considered under two headings:

First. the nature and extent of the veto power of the Governor General; second, the merit of the particular enactment proposed.

The second of these propositions does not, of course, involve a proposition of law. If it be once assumed that the Governor General possesses a full and untrammeled veto power, whether or not he shall exercise that power in a given case is purely a question within his discretion. As Black, in his work on Constitutional Law (3d ed., par. 68), says of the veto power of the President—and I can conceive of no difference in principle as respects the Governor General—

"As to the grounds on which the President may exercise this power, the Constitution prescribes no limitations. He is merely required to return the bill 'with his objections.' It is within the scope of his power, and it is probably one of the purposes for which it was given, that he should judge of the constitutionality of all proposed legislation. But he is not restricted to this ground of objection in considering a bill laid before him. He may also judge of its economic or political wisdom, its expediency, its policy, or its relation to

other laws or to treaties. In fact, though the ground of his objection should be entirely arbitrary or capricious, or the result of personal feeling or prejudice, still the Constitution does not forbid him to make it the basis of a veto. This would merely furnish a reason for the attempt to pass the the bill without his approval."

I shall therefore confine my discussion to the first question, viz, the nature and extent of the veto power of the Governor General.

3. The procedure to be followed in case a bill which has passed both houses is not at first approved by the Governor General is set forth in section 19 of the organic act (39 Stat. 551). So much of that section as relates to the exercise of the veto power reads as follows:

"* * * every bill and joint resolution which shall have passed both houses shall, before it becomes a law, be presented to the Governor General. If he approves the same, he shall sign it; but if not, he shall return it with his objections to that house in which it shall have originated, which shall enter the objections at large on its journal and proceed to reconsider it. If, after such reconsideration, two-thirds of the members elected to that house shall agree to pass the same, it shall be sent, together with the objections, to the other house, by which it shall likewise be reconsidered, and if approved by two-thirds of all the members elected to that house it shall be sent to the Governor General, who, in case he shall then not approve, shall transmit the same to the President of the United States. The vote of each house shall be by the yeas and nays, and the names of the members voting for and against shall be entered on the journal. If the President of the United States approve the same, he shall sign it and it shall become a law. If he shall not approve same, he shall return it to the Governor General, so stating, and it shall not become a law: *Provided*, That if any bill or joint resolution shall not be returned by the Governor General as herein provided within twenty days (Sundays excepted) after it shall have been presented to him the same shall become a law in like manner as if he has signed it, unless the legislature by adjournment prevent its return, in which case it shall become a law unless vetoed by the Governor General within thirty days after adjournment: *Provided further*, That the President of the United States shall approve or disapprove an act submitted to him under the provisions of this section within six months from and after its enactment and submission for his approval; and if not approved within such time, it shall become a law the same as if it had been specifically approved. The Governor General shall have the power to veto any particular item or items of an appropriation bill, but the veto shall not affect the item or items to which he does not object. The item or items objected to shall not take effect except in the manner heretofore provided in this section as to bills and joint resolutions returned to the legislature without his approval."

4. This provision is in part modeled on Article I, section 7, clause 2 of the Federal Constitution. So far as the proceedings which take place between the insular legislature on one side and the insular executive on the other, it is precisely the same, except for immaterial changes of phraseology, with one difference—that on reconsideration the right to vote is confined to members "elected" to the respective houses. No such provision, of course, appears in the Federal Constitution, because there are no appointed Members of either House of Congress. In neither the Federal Constitution nor the Philippine organic act do we find any definition or limitation placed on the veto power.

5. The situation is, therefore, that the Congress, with the provision of the Federal Constitution before its eyes, chose in 1916 to insert a provision almost identical with it in the Philippine organic act. Have we any norm of interpretation that will guide us to a correct determination of what the Congress must have meant should be the limits of the veto power of the Governor General, as prescribed, by the organic act? The answer seems to me a very simple one. It is a well-settled general rule that when a statute has been adopted from another State or country the judicial construction already placed on such statute by the highest courts of the jurisdiction from which it is taken accompanies it, and is treated as incorporated therein. (25 R. C. L. par. 294.) Clearly that rule is likewise applicable where the statute is taken not from the laws of another State or country but from the fundamental law of the country whose legislature is now extending it, in almost its precise language, to one of its territorial possessions. Abundant authorities support this principle. Where a State statute has been literally or substantially adopted by a

Territorial legislature (Jame *v.* Appel, 192 U. S. 129), or by Congress (Metropolitan R. Co. *v.* Moore, 121 U. S. 558), or is imposed by Congress on a United States Territory (Robinson *v.* Belt, 187 U. S. 41), or where Congress reenacts an act constructed by the supreme court of a Territory, when that Territory was an independent country (Kealoha *v.* Castle, 210 U. S. 149), or where Congress reenacts without change a statute which has previously received a long-continued executive construction (United States *v.* Kolk, 204 U. S. 143), the result is always the same—that the construction that has been put on the earlier legislation by the courts and by the executive authorities is the proper construction to be placed on the new legislation which follows it (25 R. C. L., pars. 294, 297).

Perhaps the clearest exposition of this rule is in the case of Kepner *v.* United States (195 U. S. 100, 124), being a case arising in the Philippine Islands. The Supreme Court of the United States being called upon to construe the bill of rights in the act of July 1, 1902, establishing a civil government in the Philippine Islands, took the position that the provisions thereof were to be construed in the same sense as they were construed and had been construed in the Federal Constitution. Said Mr. Justice Day on this proposition:

"How can it be successfully maintained that these expressions of fundamental rights, which have been the subject of frequent adjudication in the courts of this country, and the maintenance of which has been ever deemed essential to our Government, could be used by Congress in any other sense than that which has been placed upon them in construing the instrument from which they were taken?

"It is a well-settled rule of construction that language used in a statute which has a settled and well-known meaning, sanctioned by judicial decision, is presumed to be used in that sense by the legislative body." (The Abbotsford, 98 U. S. 440.)

6. Assuming, therefore, without question that what the veto power is in the Federal Constitution it is so far as the relations of the Governor General and the Philippine Legislature are concerned in the Philippine organic act; what limitations have been placed on the executive by the Federal courts or by the State courts in those jurisdictions which have similar provisions in their State constitutions? We find from an examination of the history and growth of the veto power in this country that question of conferring a negative on legislation occupied a large place in the public interest all through the formative period. The colonies had felt the weight of the kingly veto, although that power had practically become obsolete in the mother country before the time of the Georges. In the Declaration of Independence, it will be remembered, that set forth first among the grievances of the colonies was the fact that "he" (i. e., the King) has refused his assent to laws most wholesome and necessary for the public good, and hence when the colonies asserted their independence and established their own constitutions a decided fear and jealousy of the veto power is apparent in their fundamental laws.

"Only one of the original State constitutions—Massachusetts—gave even a qualified veto, while the Articles of Confederation withheld it entirely, reaching the other extreme of requiring the assent of nine States to important acts of legislation, thus giving to a minority of five States an absolute right of veto." (People *v.* Board of Councilmen, 20 N. Y. Supp. 51, 54.) So when the subject of the veto power came up in the Constitutional Convention of 1787 there was long and earnest discussion, and opposed to giving the President a power which he might exercise on his own initiative without being joined therein by others (the most common proposal being that certain members of the judiciary should act with him) were such men as Franklin, Madison, Mason, and Wilson. (See Farrand, Record of Federal Constitution, vol. 3, references at pp. 637, 638.) But the majority of the convention, in the language of Luther Martin, of Maryland, "was of a different opinion and adopted it as it now makes a part of the system." (Ibid., p. 203.) Whatever opposition there was originally to granting the President the power of veto, that opposition gradually lessened until to-day in every one of the 48 States except North Carolina the governor possesses this power. (Stimson, and State Constitutions, Book III, par. 304; Index Digest of State Constitutions (Research Fund, Columbia University), pp. 851–854.)

7. The language of almost every one of the provisions for the veto in the State constitutions is practically identical with that of the Federal Constitution. If there are limitations on its exercise, such as are suggested in the memorandum of the Philippine Commissioners, such limitations must be gathered from other sources than the language of the respective constitutions

But a search in some detail has not brought to light a single restriction on the subject matter of the executive's veto; in fact, the principal variation found in the State constitutions from the provision in the Federal Constitution is in the direction of giving the executive greater power by permitting him to disapprove of particular parts or items of a bill which may appear to him to be objectionable. (See, for example, constitutions of Virginia (IV, 76), Washington (III, 12), and South Carolina (IV, 23).) The Philippine organic act likewise favors the executive to a greater extent than does the Federal Constitution, as the Governor General may veto particular items of an appropriation bill without affecting items to which he does not object. In short, therefore, where the veto power is granted—and it is granted everywhere with a single exception—it can be exercised on every subject of legislation in the discretion of the executive.

8. The position taken in the memorandum of the Philippine Commissioners will now be examined in the light of the preceding remarks. That position is summarized, so far as the question of a statutory interpretation is concerned, in the "Recapitulation" on page 20 of the memorandum, as follows:

"The Governor General has no power under the Philippine organic act to veto the bill which is not unconstitutional and is of mere domestic concern."

The argument in support of this proposition may be stated as follows:

The Governor General does not question the validity of this bill as respects the organic act or the Federal Constitution; it is a bill merely of domestic concern, not affecting the relations between the United States and other nations. The main purpose of the organic act, or Jones law, as formulated in the preamble thereto, is to provide "a more autonomous government for the islands" and in order to hasten the establishment of a stable government which is declared to be the time when the United States will withdraw its sovereignty over the islands, it is desirable "to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them, without in the meantime impairing the exercise of the rights of sovereignty by the United States, in order that by the use and exercise of popular franchise and governmental powers they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence." It is therefore to be inferred from the language of the preamble that the Congress intended that the exercise of the veto power of the Governor General should thenceforth be excluded from domestic affairs and confined to four classes of bills stated as follows: (1) Those bills which are manifestly unconstitutional; (2) those which are in violation of any treaty of the United States with other nations; (3) those which discriminate against the citizens or subjects of other nations; and (4) those which attempt to challenge or diminish American sovereignty over those islands.

The argument then proceeds that the procedure whereby a bill passed over the Governor General's veto must be laid before the President strongly indicates "the intention of Congress that the veto power of the Governor General shall not rest absolutely upon his own discretion and that there are certain classes of bills which are beyond the reach of such power." If the veto power is unlimited, it is asked, Why must the Governor General specify his objections when he rejects a bill? If his discretion is unlimited, there would be no reason for such requirement. "It is a well-known principle that when an official has a final and absolute discretion to take action in any matter it is not necessary for him to explain such action before any government official or body." Further, if the Governor General's power of veto is unlimited, why was an appeal to the President provided for? The answer is that Congress foresaw an opportunity for the improper use of the veto power by the Governor General and desired "to provide a safeguard against such a serious curtailment of the autonomy of the Filipino people, which is the main object of the Jones law."

The argument then points out that prior to the Jones Act the Governor General had no veto power, so that now his "unrestricted use" of the veto power places the Filipino people in a worse position than they were before the passage of the Jones law.

Such is the substance of the argument, although there are citations of various authorities on the subject of statutory construction (with reference to the preamble) and on the theory of territorial government, as laid down by the Supreme Court of the United States in connection with certain continental territories, both organized and incorporated into the United States and whose citizens were citizens of the United States.

9. The bill which was vetoed is correctly described by its title as "An act remitting the penalty of the land tax in the Philippine Islands for the year nineteen hundred and twenty-three." The point is of no importance in the views I express, since they are not based on any supposed distinction between matters of domestic (i. e., Filipino) concern and matters of nondomestic concern, but I am utterly unable to follow an argument which is based on calling the remission of a general tax in the Philippine Islands a matter in which the United States is not interested. The bond issues of the Philippine government have all been floated within the United States. Whenever the Philippine Islands need money it is to this country that appeal must be had. As a considerable part of the budget of the central government—in fact 20.2 per cent of the total expenditures in the budget for 1924, is classed as "aid to local government," the amount being ₱13,400,000, it is no answer to say that the proceeds of the particular tax vetoed do not go into the insular treasury but into the treasury of the respective provinces and municipalities, since the less moneys the provinces and municipalities have the greater their calls on the insular treasury, and the more probable the requirement of loans to be financed in the United States. It fact, in the same issue of the Congressional Record (May 5, 1922) in which appears an argument by a Filipino lawyer against the unrestricted use of the veto power is a concurrent resolution of the Philippine Legislature urging upon the President and Congress an "increase of the debt limit." (See pp. 6419, 6421.) To say that the United States is not interested or has no right to be interested in legislation which may seriously affect the investments of its citizens made in Philippine Islands securities, at the solicitation of the Philippine government, would be an argument which refutes itself. Taxation in a political entity in which the central and local Government are so closely interrelated as in the Philippine Islands can hardly ever—certainly not in such a case as this—be regarded as a local matter, nor a matter in which the Federal Government can not be said to be interested.

10. I think there is no disagreement on these propositions, a statement of which will simplify the question propounded.

(1) The veto provision in the Jones Act is an imitation of the veto provision of the Federal Constitution. (See brief of Mr. M. M. Kalaw, Cong. Record, May 5, 1922, p. 6421.)

(2) There has never been a suggestion that the President's veto power is limited to any particular class of legislation.

(3) There is no provision of law specifically limiting the veto power of the Governor General in the organic act.

(4) If any limitation is to be placed thereon it must be based (*a*) on implication to be derived from language in the organic act or (*b*) on the fact that the Governor General of the Philippine Islands is not responsible to the Filipino people, unlike the President of the United States, who is responsible to the people of the United States.

(5) There were at least four bills relating to matters of "domestic concern" (as that term is used in the brief of the Philippine Legislature) vetoed by the previous Governor General. (Argument of Mr. Kalaw, Cong. Record, May 5, 1922, pp. 6421, 6422.) House bill No. 385, passed at the first session of the Philippine Legislature under the new organic act, was one of the bills vetoed. Yet there is no record that in any of the four instances Mr. Kalaw mentions was it suggested that the Governor General was not acting in accordance with the organic act, although House bill No. 385 was to amend this same land tax law.

11. In short, then, the argument is now made, for the first time, that the Governor General is acting illegally. It is not, of course, conclusive that the argument is not well founded simply because over seven years have elapsed before it is advanced, with opportunities over a period of five years to suggest it, but acquiescence until strained relations arise with the present Governor General leads strongly to the conclusion that it is an afterthought. However, examining the brief of the commissioners in some detail, I think we may characterize the fourth proposition set forth in the preceding paragraph as the heart of the argument. Can an intention on the part of the Congress to limit the veto power to the four classes of cases mentioned by the commissioners (set forth in paragraph 8 above) be gathered from the language of the preamble to the organic act?

There are certain principles concerning preambles which are too well established to admit of argument. The preamble to an act "is no part of the act, and can not enlarge or confer powers, nor control the words of the act, unless they are doubtful or ambiguous." (Yazoo R. Co. *v.* Thomas, 132 U. S. 174, 188.)

The case cited is interesting in this connection because just such an argument as is here made was presented to the Supreme Court in order to secure an exemption from taxation. Counsel for a railroad relied on the preamble to its act of incorporation which declared that the work of construction therein authorized was one of "great public importance" and "to be encouraged by legislative sanction and liberality." But the court dismissed the argument in the language just quoted, adding that "the necessity of resorting to it (i. e., the preamble) to assist in ascertaining the true intent and meaning of the legislature is in itself fatal to the claim set up. Indeed, what is therein stated appears to us to be quite as referable to the remarkable extension powers granted as to the assignment of reasons for exemption from taxation."

There is no ambiguity in the language of section 19 of the organic act, nor is there asserted to be such ambiguity. What is asserted is that a provision otherwise clear and unambiguous has been rendered of changed meaning by reason of language used in a preamble. We are referred to no cases which show that any ambiguity has even been conceived of by Federal or State courts in the veto provisions of their respective constitutions, nor are we referred to any case which permits an ambiguity to be injected into a constitutional provision by invoking the preamble.

It is no new thing to attempt to rely on a preamble as the source of power; it is perhaps more novel to rely on it as a limitation of power; but the language of the Supreme Court in Jacobson *v.* Massachusetts (197 U. S. 11, 22) shows how peremptorily that court has disposed of such attempts. As Mr. Justice Harlan points out, if one is to derive a power (and the same may unquestionably be said of the limitation of a power), he must depend on something more definite and clearly expressed than a statement in the preamble or what he conceives to be "the spirit" of the Constitution. A preamble, as the Supreme Court of Ohio said of the preamble to the Federal Constitution, is merely a generic statement of the aims of the National Government and not a grant or delegation of power. (Hockett *v.* State Board, 110 N. E. 485.)

The position which the brief in question takes is that because the Congress, in the preamble to the Jones Act stated its aims and ultimate purposes for the Filipinos we must construe its statement into a "proviso," read into section 19 of the body of the act. Hence the citation of several cases concerned with the proper construction to be given "provisos" on page 9 of the brief. But there is no connection between a "proviso," a very part of the act, and a "preamble," no part of it in any true sense, and these cases are not, therefore, in point. Further, the argument involves a confusion of thought. A preamble states aims and purposes; the act to which the preamble is attached then proceeds to prescribe the method by which these aims and purposes are to be effected, which necessarily must be more specific and definite than the preamble, and, quoad hoc, limit and restrain it. Here we are asked to take the language of the act and limit and restrain it by the preamble. If it is necessary to do so to reach the result which is contended for, it would seem, in the language of the Supreme Court, that it is "fatal to the claim." (Yazoo R. Co. *v.* Thomas, 132 U. S. 174, 188.)

12. Even if it were conceded that it is proper to resort to the language of the preamble where there is no ambiguity in the language of the act, the argument in question does not explain away the clearly expressed restriction that is placed on the control of their domestic affairs by the Filipino people—that it shall be "without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States." What is "sovereignty"? There are abundant definitions. One is given as an example:

By sovereignty in its largest sense is meant supreme, absolute, uncontrollable power; the jus summi imperii; the absolute right to govern. Sovereignty in government is that public authority which directs or orders what is to be done by each member of society in relation to the others in the association or organization. Government is not sovereignty, but it is the machinery or expedient which expresses the will of the sovereign power. (Cherokee Nation *v.* Southern Kan. R. Co. (U. S.), 33 Fed. 900, 906.) It is the union and exercise of all human power possessed in a State. Abstractly it resides in the body of the nation and belongs to the people, but the powers are generally exercised by delegation. (Union Bank *v.* Hill, 43 Tenn. (3 Cold.) 325, 328, 331.)

When the Congress uses such a phrase as "the rights of sovereignty" without in any manner qualifying it, by what authority, then, may it be given an emasculated and distorted meaning?

13. Another argument which appears to be advanced—I say, "appears," since it is not categorically stated in the form in which I now state it—is this: That the Governor General, not representing the Filipino people and not being in any sense responsible to them, his veto of bills passed by their legislature is tantamount to reducing the legislature to a mere advisory body. To use his veto power in this unrestricted manner is to make the islands less rather than more autonomous, since until the Jones Act he was without power of veto. But here again reliance for such an argument must be placed on the preamble. If the use of an unrestricted veto does in fact make the islands less autonomous, then there must be a conflict between the preamble and section 19, and in such a conflict—there being no ambiguity in the language of section 19—the section must prevail. It is true that the Governor General is not responsible to the Philippine people, but to argue that because of that fact his veto power is more restricted than that of the President is simply a non sequitur.

14. There are other arguments in the brief which I do not find it necessary to discuss at any length because, in my opinion, their lack of force is apparent. Why, it is asked, if the veto power is unlimited, should the Jones law make it the duty of the Chief Executive to specify his objections in case he should reject a bill? Of course, it is obvious that this argument is equally applicable to the constitutional veto of the President. Hamilton, in the Federalist (No. 63) answered this question long ago. The objections are stated so that the legislative body may be in less danger of making "those errors which flow from want of due deliberation." It is said that "it is a well-known principle that when an official has a final and absolute discretion to take action in any matter, it is not necessary for him to explain such action before any government official or body." The Governor General does not "explain" or "defend" his veto "before" the Philippine Legislature. A statement of objections can not properly be called an explanation or defense. The reason underlying the statement of objections by the Governor General is the same as induces the Supreme Court of the United States to give in full its "decision" in so many cases—that those who may have occasion to act in the future in the matter may have an idea of what was in the mind of the Executive in the one case and of the court in the other.

It is asked why, if the Governor General's power of veto is unlimited, an appeal to the President is provided for. The implication seems to be that in some manner the right to appeal to the President must necessarily limit the scope of the veto power, but it is difficult to see how this necessarily or logically follows. Indeed, it might as well be contended that because the veto power is unrestricted, an additional safeguard has been provided by Congress in the appeal to the President. In short, there is no connection between the two matters from which any proper argument can be made. To borrow an analogy from the judicial system, appeals sometimes lie in all cases from a court of unlimited original jurisdiction and sometimes in all cases from a court of extremely limited and definite original jurisdiction. Whether or not an appeal lies has nothing to do with the extent of the jurisdiction of the court.

The Chief of the Bureau of Insular Affairs states in a memorandum of March 20, 1924, that it is of particular importance that an opinion should be had on the question raised by the statement on page 8 of the brief of the commissioners, which reads as follows:

"After the law has been approved by him, neither he nor any of his successors can question its validity, so long as it has not been annulled by the Philippine Legislature, by Congress, or by the courts." However, as the Chief of the Bureau of Insular Affairs pointed out, this statement has no bearing on the particular matter in controversy. As the Attorney General, by long established rulings, has consistently refused to pass on moot or hypothetical questions, it is questionable whether he will render an opinion upon the question presented.

However, it may be pointed out that the question is a very large one, and that while there are many authorities to the effect that a ministerial officer, charged by law with the duty of enforcing a certain statute, can not refuse to perform his plain duty thereunder upon the ground that in his opinion it is repugnant to the Constitution, the Supreme Court of the United States has stated that it is but just to qualify that statement by adding "that the power of a public officer to question the constitutionality of a statute as an excuse for refusing to enforce it has often been assumed, and sometimes directly decided, to exist." (Smith *v.* Indian, 191 U. S. 138, 148; Huntington *v.* Worthen, 120 U. S. 97.) See also Cooley, Principles of Constitutional Law, 156; 6 R. C. L., pars. 87, 92.

The argument that because the Jones Act for the first time gave the Governor General the veto power the Congress must have intended to limit that veto

power in the manner contended, again is based solely on the language of the preamble. In this connection, the correspondence which passed between Congressman Jones, Secretary Garrison, and the President, set out by the Chief of the Bureau of Insular Affairs, in his memorandum to you of March 12, 1922, makes it clear beyond doubt that the very question of limiting the Governor General's veto was considered in the drafting of the Jones Act, and that all three finally agreed that the veto power conferred should be free and untrammeled.

15. That entire argument made against the unrestricted exercise of the veto power by the Governor General could, it seems to me, likewise be made against its exercise by the President of the United States. In fact, the argument, upon analysis, is as much directed against the exercise of the veto power by the President as by the Governor General. If the Governor General may not veto any bill solely of domestic concern, the President of the United States, who only acts in cases of disagreement between the Governor General and the Philippine Legislature, will not, under the organic act, ever have the opportunity of passing on the bill. It will become law with or without his sanction and only subject to annulment by the Congress. The anomalous situation will then be presented of the President of the United States having a full and unrestricted right of veto over any act or joint resolution coming from the Congress of the United States, whatever its nature and whatever its intent, but limited very strictly to a consideration only of certain classes of bills where it has been determined (by whom, not stated) that the United States has some especial interest in matters coming from the Philippine Islands. That the Congress intended no such result need only be stated and that no such result flows from the language of the organic act has, I think, been demonstrated.

16. Without purporting to enter into the merits of the veto, in the particular case under discussion, nor into the theory which it is believed should underly the exercise of the power of the President under the provisions of section 19 of the organic act, I conclude that the argument that the Governor General is restricted in the use of his exercise of the power of the veto, under said section to any particular class of bills or under any particular circumstances is not based on any proper construction of the organic act and is entirely without legal support.

W. A. Bethel,
The Judge Advocate General.

EXTRACTS FROM A SERIES OF LECTURES ON THE PRESIDENCY BY PRESIDENT TAFT DELIVERED IN 1915 AT THE UNIVERSITY OF VIRGINIA

The functions of the President are both legislative and executive * * *. The veto, however, is purely legislative * * *. It has been contended that this veto power is executive. I do not quite see how * * *. He (President) is a participant in legislation * * *. This history of its (veto power) origin shows that even in the limited and suspensive form it has in our Constitution, the veto is legislative * * *. This conclusion helps the President to answer correctly the practical question often presented to him, whether he is limited, as some contend, to vetoing a bill only when he thinks it unconstitutional. I have no hesitation in rejecting such a view. If anything has been established by actual practice, it is that the President, in signing a bill, or returning it unsigned, must consider the expediency and wisdom of the bill, as one engaged in legislation and responsible for it * * *. The President, in considering the constitutionality of a bill presented to him for signature, is in a different position from that of a supreme court when an act of Congress is in question before it * * *. A serious doubt of the validity of a proposed bill may well lead a Member of Congress to vote against it or the President veto it. While such a doubt would not justify a court in treating the act as a nullity, unless the court reaches an indisputable conviction that Congress has exceeded its powers, after indulging the properly strong presumption in favor of the act's validity, I think that it is of the highest importance that the constitutional validity of a measure should be fairly considered in the legislature and by him who exercises the veto power * * *. We do not discuss the validity of acts enough in legislatures, and I doubt if governors consider as much as they ought the limitations of the fundamental law in signing bills. Our legislature has thrown too much of the burden of maintaining constitutional limitations on the courts by an utter disregard of the constitution themselves. * * *

EXHIBIT F

LIST OF BILLS SIGNED BY THE GOVERNOR GENERAL DURING THE SECOND SESSION OF THE SEVENTH PHILIPPINE LEGISLATURE, JULY 16–NOVEMBER 9, 1926

Act	House bill	Senate bill	Title of bill	Date approved
3269	794	--------	Deficiency bill for the senate and the house of representatives for the year 1926.	July 30, 1926
3270	866	--------	Making the salary of the members of both houses of the legislature uniform.	Aug. 11, 1926
3271	--------	257	Appropriating ₱6,000 for the printing of the joint committee report on education.	Oct. 6, 1926
3272	695	--------	Pharmacists' bill	Oct. 15, 1926
3273	--------	381	Calamity funds for the Provinces of Batangas, Tayabas, Laguna, and Cavite.	Nov. 12, 1926
3274	1063	--------	Amending section 1495 of the Administrative Code (re specific tax on manufactured oils).	Nov. 19, 1926
3275	--------	36	Amending article 1 of chapter 52 and section 2757 of the Administrative Code (re control of radio).	Do.
3276	1352	--------	Authorizing the purchase of equipment and other expenses of both houses of the legislature with funds remaining from the appropriations made for said houses for the year 1926.	Do.
3277	--------	365	Appropriating ₱200,000 for aid to the Provinces of Batangas, Tayabas, Laguna, and Cavite for the repair or reconstruction of public works damaged by the recent typhoon.	Do.
1 H. J. R. No. 5			Authorizing the secretary of commerce and communications to enter into a contract with the Compañia General de Tabacos de Filipinas on the irrigation of the "Hacienda Lusita" in Tarlac.	Sept. 1, 1926
3278	--------	267	Authorizing the Province of Ilocos Sur and the municipality of Vigan to issue bonds for public improvements.	Nov. 30, 1926
3279	--------	511	Authorizing the Province of Tarlac to issue bonds for permanent public improvements.	Do.
3280	--------	250	Authorizing the Province and certain municipalities of Camarines Sur to issue bonds for permanent public improvements.	Do.
3281	--------	368	Authorizing the Province of La Union to issue bonds for permanent public improvements.	Do.
3282	1535	--------	Authorizing the Province of Pampanga to issue bonds for permanent public improvements.	Do.
3283	--------	38	Appropriating ₱50,000 for the conservation of forests, for reforestation and afforestation of denuded areas, cogon lands, and such other lands certified as forest land.	Dec. 1, 1926
3284	--------	322	Appropriating the sum of ₱500,000 to be expended for the construction and maintenance of provincial hospitals in the regular Provinces.	Do.
3285	--------	219	Creating special classes during the long vacation, and for other purposes.	Do.
3286	--------	336	Appropriating the sum of ₱1,000 to be disbursed under the direction of the chief of the executive bureau for the acquisition and test of a voting machine.	Do.
3287	--------	234	Changing the name of the barrio of Onting in the municipality of Pozorrubio, Province of Pangasinan, to Don Benito.	Do.
3288	--------	371	Authorizing the use of public-school buildings outside of school hours for the instruction of illiterates.	Do.
3289	1908	--------	Extending the franchise of the Panay Telephone & Telegraph Co.	Do.
3290	--------	319	Appropriating ₱50,000 to enable the department of public instruction to develop better educational leadership.	Dec. 2, 1926
3291	--------	324	Amending sections 2, 4, 6, and 7 of Act No. 2655 (re usury law)	Do.
3292	--------	360	Bookkeeping law	Do.
3293	--------	376	Amending paragraph (b) of section 1460 of the Administrative Code (re exempting salt producers from payment of internal-revenue taxes).	Do.
3294	78	--------	Amending sections 130 and 226 of the Administrative Code (re disposition of moneys paid into court).	Do.
3295	352	--------	Amending section 524 of the Administrative Code (re registration of dead large cattle).	Do.
3296	356	--------	Amending Act No. 3089 (re authorizing the temporary use for school purposes of the ₱28,000 appropriated by Act No. 2807 for the construction of a provincial jail in the Province of Surigao).	Do.
3297	426	--------	Fixing salaries of district health officers	Do.
3298	458	--------	Amending article 591 of the Penal Code	Do.
3299	775	--------	Amending Act No. 3108 (re public utility act)	Do.
3300	785	--------	Amending sections 54 and 56 of Act No. 496 (re land registration act).	Do.
3301	930	--------	Amending further section 9 of Act No. 2152 (re appropriation of public waters).	Do.
3302	931	--------	Amending section 12 of Act No. 3105 (re extending the time for filing of application for registration of public accountants).	Do.
3303	938	--------	Appropriating ₱100,000 for the construction of building and other permanent improvements in the College of Agriculture of the University of the Philippines.	Do.
3304	--------	374	Amending section 1 of Act No. 2589 (re retirement act)	Do.
3305	1441	--------	Reappropriating for the same purpose the balance remaining unexpended on June 30, 1926, of the sum appropriated in section 1, subsection (x), item 5, of Act No 3213, as amended by section 1 of Act No. 3236.	Do.

LIST OF BILLS SIGNED BY THE GOVERNOR GENERAL, ETC.—Contd.

Act	House bill	Senate bill	Title of bill	Date approved
3306	1463	--------	Amending section 2310 of the Administrative Code (re extending the time for the payment of municipal license taxes).	Dec. 2, 1926
3307	1560	--------	Providing fund for reorganizing and strengthening the division of fisheries of the bureau of science.	Do.
3308	1615	--------	Appropriating the sum of ₱30,000 for continuing the teaching of home canning and food preservation in the Philippines.	Do.
3309	1649	--------	Amending section 6 of Act No. 3203 (re relating to the care and custody of neglected and delinquent children).	Do.
3310	1743	--------	Amending first paragraph of section 281 of the Administrative Code, as amended by Act No. 3107 (re salaries of the judges of the municipal court of Manila and of the justices of the peace in provincial capitals).	Do.
3311	1747	--------	Inserting a new section in Act No. 190, to be known as section 396½ (re copy of summons to be sent to plaintiff).	Do.
3312	1856	--------	Authorizing the sale of the communal lands in the municipality of Bacoor, Province of Cavite.	Do.
3313	506	--------	Amending article 535 of the Penal Code	Do.
3314	1081	--------	Amending section 2751 of the Administrative Code (re unlawful destruction of public forests).	Dec. 3, 1926
3315	1823	--------	Amending section 114 of Act No. 496 (re fixing a new schedule of fees for clerks of courts and registers of deeds).	Do.
3316	--------	64	Amending certain provisions of Act No. 3108 (re public utility)	Dec. 4, 1926
3317	--------	150	Granting a franchise to the Negros Telephone & Telegraph Co	Do.
3318	--------	309	Registering every contract of agency and its revocation in order that it may be valid for or against third parties; the manner in which the revocation of agency must be made.	Do.
3319	--------	358	Regulating the private-practice privileges of the physicians in the government service attached to hospitals under the jurisdiction of the Philippine health service.	Do.
3320	--------	363	Amending section 3 of Act No. 2941 (re salary of judges of first instance).	Do.
3321	760	--------	Amending article 12 of chapter 57, title 9, of the Administrative Code (re organization of fire department).	Do.
3322	840	--------	Amending section 65 of Act No. 496 (re filing of the duplicate certificate of title of the mortgagee with the register of deeds).	Do.
3323	1460	--------	Amending sections 9, 11, and 21 of Act No. 1120, entitled the "Friar lands act".	Do.
3324	1779	--------	Amending section 1176 of the Administrative Code (re investigation into character of vessels).	Do.
3325	1850	--------	Appropriating additional funds for the necessary expenses of the government of the Philippine Islands during the fiscal year 1926 and previous fiscal years.	Do.
3326	939	--------	Establishing periods of prescription for violations penalized by special acts and municipal ordinances.	Do.
3327	725	--------	Authorizing private surveyors to make cadastral survey	Dec. 6, 1926
3328	--------	130	Amending sections 242, 1942, 1989, 2023, 2029 (e), 2030, and 2031 of the Administrative Code (re postal act).	Dec. 7, 1926
3329	--------	326	Authorizing the Province of Nueva Ecija to issue bonds for permanent public improvements.	Do.
3330	--------	357	Amending Act No. 1790 (re Banco Español Filipino)	Do.
3331	--------	359	Authorizing the Province of Bulacan to issue bonds for permanent public improvements.	Do.
3332	52	--------	Amending sections 4, 10, and 20 of Act No. 666 (re trade-marks act)	Do.
3333	411	--------	Amending sections 1236 and 2712 of the Administrative Code (re stowaway arriving and leaving upon transport).	Do.
3334	721	--------	Amending sections 161 and 171 of the Administrative Code, relative to the judiciary.	Do.
3335	1039	--------	Creating special fund for loans to Provinces, municipalities, and chartered cities.	Do.
3336	1058	--------	Dividing Nueva Ecija into two representative districts	Do.
3337	1417	--------	Amending paragraph (a) of section 18 of Act No. 2259 (re cadastral act).	Do.
3338	1426	--------	Imposing an annual registration fee on radio receivers, creating a radio broadcasting fund therefrom, providing for the disposition and application of said fund.	Do.
3339	1868	--------	Authorizing the municipality of Legaspi, Province of Albay, to acquire by expropriation proceedings a parcel of land for the establishment of a workmen's barrio in said municipality.	Do.
3340	1510	--------	General appropriation act	Do.
3341	1800	--------	Public works appropriations	Do.
3342	--------	221	Regulating the business of furnishing bond in civil and criminal cases.	Dec. 8, 1926
3343	--------	222	Amending section 67 of General Orders, No. 58	Do.
3344	769	--------	Amending section 194 of the Administrative Code (re recording of instruments or deeds relating to real estate not registered under Act No. 496).	Do.
3345	1485	--------	Creating the twenty-eighth judicial district	Do.
3346	1201	--------	Amending land law	Dec. 4, 1926

EXHIBIT G

MESSAGE OF GOVERNOR GENERAL LEONARD WOOD TO THE SEVENTH PHILIPPINE LEGISLATURE

Delivered July 16, 1926, at the Opening of the Second Session

Gentlemen of the Legislature:

It is my privilege and pleasure to extend to you for the sixth consecutive year a cordial welcome to Manila, and to assure you of the hearty cooperation of the executive branch of the government in everything which makes for the progress, well-being, and best interests of the Filipino people.

The year which ended December 31, 1925, was on the whole a very satisfactory year. There was an excellent spirit of cooperation on the part of the officials of the insular, provincial, and municipal governments, and of the people throughout the islands. Conditions for the first six months of 1925 were briefly referred to in my last annual message. There was a general condition of peace and good order throughout the islands during the year, except some minor disturbances in the Moro country and a brief disturbance of public order in Nueva Ecija due to the activities of certain lawless bands. In neither instance were the disturbances serious.

Taxes were better paid than ever before. Revenues showed a decided increase. There were few requests for remission of taxes or delay in payment. The balance of trade was heavily in our favor and exchange was stable. No applications for aid were made to the insular government on account of loss of food crops, due to floods, typhoons, or other causes. A spirit of self-helpfulness was more in evidence than heretofore. The general elections throughout the islands were conducted in a peaceful and orderly manner.

Health conditions were generally good except for a brief, but sharp, outbreak of cholera, which was promptly brought under control through rigid quarantine and vaccination, over 2,000,000 anticholera vaccinations being given.

The campaign to reduce infant mortality was vigorously pushed, but much remains to be done in order to terminate this serious drain upon the growth and increase of the people. The antileprosy work being done is giving very encouraging results, and I am confident that we shall be able to control leprosy in the Philippine Islands, and that the means we employ here can be made use of to control this dread disease elsewhere.

There was a great reduction in rinderpest and other diseases among cattle. Damage from locusts was much less than during the preceding year. There were no great losses of food crops. There was a marked increase in the value of crops as a whole, the increase in the value of the six leading crops being ₱45,000,000.

The finances of the government at the end of the year were in a very satisfactory condition. The revenues for 1925 exceeded those for 1924 by ₱5,317,572, while the expenditures were less than those of 1924 by approximately ₱2,000,000. The excess of revenues over expenditures was ₱11,500,000 as compared with ₱8,000,000 for 1924. The cash surplus at the end of the year was ₱23,000,000. If to this cash surplus were added accounts receivable and supplies in the hands of the purchasing agent, the surplus would have been approximately ₱45,000,000. A large portion of this cash surplus will be devoted to the rehabilitation of bond funds and strengthening the sinking fund. The general policy has been to maintain the integrity and the fluidity of all reserves and trust funds. The sinking funds are adequate in amount and are entirely invested in bonds of the United States or of the Philippine Islands. The gold standard fund is adequate; and the treasury certificates are protected, peso for peso, by silver coin in the treasury and by trust funds deposited in member banks of the Federal reserve system. The financial interest protection bonds are in a similar liquid condition, except ₱6,000,000 which have been temporarily placed behind the circulating notes of the national bank.

Public works have progressed steadily. A number of important roads have been opened, notably the road from Iloilo to San Jose de Buenavista, Antique, and the road from Manila to Aparri is nearing completion. When finished it will make it possible to proceed directly from Manila to Aparri by automobile. It has opened up almost all portions of this vast and rich valley and will aid greatly in its development. A road from Tagudin to Bontoc has been completed which opens up the capital of the Mountain Province to truck and automobile traffic and will aid greatly in the development of that Province.

The great pier at Manila has been completed and is in operation. Manila, from being the least satisfactory and most expensive large port in the Orient for handling cargo, has become the most economical and best equipped. Important works for the further improvement of the harbor are under construction.

Work on the various irrigation systems has been pushed forward rapidly. Irrigation is of vital importance to the Philippines, and the policy which has been pursued to date should be pushed forward and extended, for upon its development depends, in a large measure, the production of an adequate food supply and the diminution of imported food products.

Steps have been taken to provide an adequate and much-needed water supply for Manila. An issue of bonds amounting to ₱12,000,000 has been authorized for this purpose. Work has already been begun on the new reservoir and aqueduct. When completed it is estimated that there will be an adequate water supply for the next 50 years, this allowing for a very rapid growth of Manila.

Numerous deep artesian wells have been completed during the year. Appropriations have been made available for the construction of new lighthouses, one of them of special importance to navigation, namely, that at Tubataha Reef. Funds for this purpose will be released as soon as plans are completed.

Plans have been completed for a railroad, traffic, and foot bridge over the lower Pasig, connecting the northern and southern railroad terminals with the port area. This will mean a great saving to shippers, as the connection of these terminals with the port area will make it possible to handle incoming and outgoing freight much more cheaply and expeditiously. It is hoped that the work can be completed promptly. Both the Manila Railroad Co. and the Manila Electric Co. should bear their portion of the cost of construction.

The survey of the line connecting the northern and southern sections of the Manila Railroad between Aloneros, Tayabas, and Pamplona, Camarines Sur, has been completed and a favorable location selected. The length of this proposed new section of road is about 107 kilometers. The work will be pushed forward as soon as funds are available. The connecting of these two sections of railroad is very important for the development of the country traversed by the railroad.

In addition to completing this survey another railway survey of 55 kilometers has been completed for connecting Tarlac with San Jose, Neuva Ecija. This will open up a very valuable agricultural country and tend still further to improve communications with the Cagayan Valley. A bill will be introduced by the Manila Railroad Co. having for its purpose the authorization of this road, on the statement of the manager of the Manila Railroad to the effect that such construction would open up a valuable section of the country and will add materially to its development. I recommend that this bill be given careful consideration.

Interest in public education continues to be keen throughout the islands. The apppropriation for the year 1925 was the largest in the history of the department.

There is evidence everywhere of a desire and determination to provide adequate educational facilities. You have already received the report of the educational survey board, and your attention has been drawn to its principal recommendations, namely, the extension of the average length of stay of the child in school from three to five years; the importance of paying attention to quality as well as to quantity in instruction; the importance of pushing forward English as the medium of instruction; the need for more American teachers in order to carry out this policy; the need of more thorough preparation of our teachers for their work; and the importance of devoting more attention and providing more liberally for vocational and agricultural training. I especially bespeak your most careful attention to this last recommendation, for the future progress and development of these islands must go hand in hand with the development of our agriculture and natural resources and the building up of our productive industries. Generally speaking the report of the board is encouraging as regards the success of the public-school system as now established; and, while there are naturally some criticisms, the report of the board as a whole is very appreciative of what has been done. I commend to your most careful consideration the recommendations of the board, and hope that every effort will be made to carry them out.

Nothing has occurred during the year 1925 to modify in any way previous recommendations concerning the withdrawal of the government from business.

Although improvements have been made in the handling of the railroad and bank, their operation under government control has not been financially successful. The railroad has shown a marked improvement, thanks to able and efficient management. Nevertheless, it has not been able to repay any part of the capital-stock investment, nor has it entirely repaid the government funds advanced to meet interest on the bonded indebtedness. The rehabilitation of the Philippine National Bank has placed it upon a secure but limited basis. Its operations during the year were fairly satisfactory. This bank should be eventually converted into a bank equipped to aid the development of agriculture throughout the islands. The government's investment in the sugar industry was increased during the year, principally due to extensions to sugar centrals. We have plants of greater value and capacity but with one or two exceptions, little progress has been made toward reimbursing the government for this outlay for the benefit of the sugar industry, and the indebtedness of the centrals as a whole to the government has increased markedly during the year. What is needed is highly technical expert handling of these centrals and a very rigid and careful system of financing, especially in the matter of crop loans. That sugar can be grown with great profit is shown by the results obtained by some of the privately owned centrals in the same region in which government centrals are situated.

It is especially important that measures be taken to encourage outside capital to invest in the Philippine Islands, at the same time regulating its employment in such manner as will safeguard public and private interests. The resources of the islands are as yet hardly touched. In brief, we want to develop intelligently the natural resources of the islands, protecting for the generations to come their rights in those natural resources which are the property of all the people and should not be alienated by sale or perpetual franchise or the granting of franchises without due payment of royalties to the government. On the other hand, these most valuable possessions should not be indefinitely locked up. If we are to continue our progress in public works, public health, and public education, the revenues must be increased. This can best be done by the development of our natural resources and through the encouragement of legitimate business enterprise. In a word, our economic development must go hand in hand with our future progress.

I again invite your attention to the great need of a thorough revision of the interisland shipping laws so as to encourage the building up of interisland shipping. Present conditions of shipping are such as to greatly hamper economic development in almost all lines. Vessels are old, insufficient in number, and the rates are so excessive as to discourage agricultural and business development and the development of our natural resources. There is immediate need of legislation to permit foreign firms engaged in interisland trade to replace vessels lost during the war and since and to bring in new ships.

Act. No. 2972, known as the Chinese bookkeeping law, having been declared unconstitutional by the United States Supreme Court, steps should be taken by the legislature to enact a law which will be constitutional and at the same time be effective in insuring proper accounting, and thus prevent the present heavy loss which results from the lack of proper legislation to enforce the keeping of these accounts in such form that they can be readily examined.

Interest in the production of rubber in the Philippine Islands has increased very greatly during the year. Within the limit of the archipelago there are very large areas in every way adapted to rubber production. These areas are now covered by forest, jungle, or cogon grass and are giving small or no returns. I believe that if the industry is developed and well handled the Philippines can produce enough rubber to fully supply their own demands and those of the United States; moreover the development of rubber production in the Philippines will facilitate very greatly the economic development of the islands. I am confident that Filipino laborers, if well treated and reasonably well paid, can be secured in sufficient numbers to work the plantations successfully and push forward the development of the industry. Once the details of producing rubber are understood, Filipino planters will be as successful in growing rubber as they have been in growing copra, hemp, and sugar. I earnestly recommend that carefully considered legislation be enacted which, while protecting public interests, will permit and encourage the growing of rubber on a large scale.

With a view to increasing the local meat supply and the supply of work animals and thus obviating the necessity of importing many thousand animals of both classes from abroad, I would earnestly recommend the imposition of

an import duty on cattle and carabao. This duty should not be excessive, but should be sufficient to encourage local breeders to organize and push forward this important industry.

I invite your attention to the importance of the work being done by the bureaus of science, agriculture, and forestry. The legislature should look with favor upon the employment of the best available scientific personnel for these bureaus. It has been the rule of all progressive countries to avail themselves of the best expert personnel obtainable regardless of nationality. We have here a wonderfully rich soil and vast natural resources, and we need for their development the best available scientific personnel.

I earnestly recommend that the legislature carefully consider measures tending to encourage and develop radio communication in the islands, as the development of radio communication will greatly facilitate the transaction of public and private business and tend to promote the use of a common language and thereby improve communications.

I once more recommend for your careful consideration the following:

(1) The urgent need of legislation providing fixed sources of income for the University of the Philippines.

(2) A revision of our present mining laws on lines which will encourage the development of our great mineral resources.

(3) The desirability of enacting legislation for the protection and development of our fisheries.

(4) The need of providing a larger measure of autonomy for Provinces and municipalities in the matter of levying taxes for public health, public works, and public instruction.

(5) Lowering the income-tax exemption to ₱2,000 for unmarried and ₱4,000 for married persons with the continuance of the present exemption rate for minor children.

(6) The abolition of the wharfage tax, which is highly prejudicial to mining, commerce, and agriculture.

(7) The need of adequate buildings and equipment for our larger agricultural schools, particularly the Munoz and Trinidad schools.

(8) The extension of the limits of the city of Manila so as to include Pasay and neighboring municipalities which will tend to facilitate the maintenance of law and order in the city of Manila.

(9) The desirability of placing the office of provincial sheriff under the provincial commander of constabulary.

(10) The extension of suffrage to women under the same conditions as to men.

I recommend a most careful consideration of the annual reports of the department secretaries and the various bureau chiefs which give a detailed statement of the affairs of the government.

I recommend liberal appropriations for the public-health service.

I trust that you will be able to act upon the more important measures coming before you sufficiently early in the sessions to permit full discussion of any points of difference and avoid delay which prevents conference on bills, and consequently oftentimes prevents measures, which are desirable in principle, being enacted into law because of minor defects which could be corrected by return of the bill for reconsideration.

Your attention is respectfully invited to the provisions of section 19 of the organic act which requires that each house of the legislature shall keep a journal of its proceedings which from time to time shall be published. Such a journal would be of great assistance to the executive in passing upon laws submitted to him for approval. Also to the necessity of shaping all legislation so as to avoid conflict with the provisions of the organic act.

There is another matter to which I desire to invite your special attention. The President of the United States, deeply interested in the welfare and progress of the Filipino people, has sent a personal representative, Col. Carmi A. Thompson, to make a survey of economic conditions. The task is a difficult one, and I bespeak for him your courtesy and consideration.

Finally, on this occasion which is in effect the dedication of this new legislative building, I bespeak your earnest cooperation in our mutual efforts for the welfare and progress of the Filipino people and the solution of the varied and difficult problems which confront us.

Very respectfully,

LEONARD WOOD,
Governor General.

The PHILIPPINE LEGISLATURE, *Manila.*

ANNUAL REPORT OF THE SECRETARY OF THE INTERIOR

DEPARTMENT OF THE INTERIOR,
Manila, March 26, 1927.

SIR: The contents of this, our annual report for 1926, will be limited to important events and accomplishments only during the year, omitting matters touched upon in previous reports, tabulated statements, and details of routine character, these being treated in the accompanying reports of our bureaus and offices.

In general.—On the whole, the administration of the bureaus and offices under this department and of the Provinces and municipalities was marked with increased efficiency. The policy of economy in the expenditure of public funds, consistent with efficiency, was consistently adhered to.

In a number of inspection trips to the Provinces and municipalities made by me during the year, I found the people to be content and happy, peaceful and law-abiding; many public improvements undertaken, and increased efforts on the part of the local officials to do something good for the community.

Organization, functions, and personnel.—The organization, functions, and personnel of the department and of the bureaus and offices under it were substantially as they were in 1925, such changes as were made being of routine character.

Public order.—With the exception of the disturbance of public order, caused by some disorderly and discontented Moros in Lanao, which necessitated the use of the constabulary force, and the shooting affray in San Fernando, Pampanga, between some of the civilians and the constabulary soldiers stationed thereat, the condition of public order throughout the islands was most satisfactory. The Philippine constabulary was principally instrumental in the maintenance of peace and order.

Public calamities.—A destructive typhoon hit the Provinces of Batangas, Tayabas, Laguna, Cavite, Mindoro, and Camarines Norte on November 5, 1926. its greatest force having been felt in the first four named Prov nces. This typhoon caused enormous damage (no accurate estimate) to crops, buildings, animals, and public works. Batangas was the heaviest sufferer. In this Province alone over 100 persons perished. The legislature, which was then about to close its sessions, voted ₱100,000 in Act No. 3273 for the relief of the indigent sufferers and ₱200,000 in Act No. 3277 for the repair and reconstruction of damaged public works in Batangas, Tayabas, Laguna, and Cavite. No insular aid was provided for Mindoro and Camarines Norte, as the reports of the extent of damage therein were received only after the adjournment of the sessions of the legislature. The Red Cross, however, extended aid to these Provinces, the insular government reimbursing it with part of what it spent in the Provinces for which the legislature voted some aid. The territory damaged by the typhoon is now being rebuilt.

A number of destructive fires occurred during the year, the property loss from which was estimated at ₱2,364,153.50 as compared with ₱3,488,303 in 1925. The question of fire prevention received considerable attention on the part of the local officials and private citizens due to the observance of fire-prevention day throughout the islands, which was inaugurated in 1924 by an executive proclamation. By Act No. 3321, the law on the organization of fire departments in municipalities of the regularly organized Provinces was amended so as to enable the localities, especially those financially able, to have effective fire-fighting organizations.

New legislation.—In addition to the three acts mentioned above, there were other constructive legislations passed in the 1926 sessions of the legislature affecting some of the bureaus and offices under this department. The most important measures is Act No. 3335, which creates a special fund of ₱3,500,000 for loans to Provinces, municipalities, and chartered cities, for use in the construction or acquisition of permanent public improvements and the payment of cadastral surveys.

Seven Provinces, namely, Ilocos Sur, Tarlac, Camarines Sur, La Union, Pampanga, Nueva Ecija, and Bulacan, were authorized by the legislature under Acts Nos. 3278, 3279, 3280, 3281, 3282, 3329, and 3331, respectively, to issue bonds in the aggregate amount of ₱3,363,500 for the purpose of raising funds for the construction of permanent public improvements.

By Act No. 3284, an additional sum of ₱500,000 was appropriated for the construction and maintenance of provincial hospitals in the regular Provinces under the same terms and conditions established by Act No. 3114, the original hospital act passed in 1923, which appropriated ₱1,000,000 as insular aid for said purposes.

By Act No. 3286, the sum of ₱1,000 was set aside for the acquisition and testing of a voting machine invented by a Filipino mechanical engineer, a description of which, as to its operation and utility, will be found in detail in the report of the chief of the executive bureau.

As stated in our reports for previous years, municipal taxation is inadequate to properly maintain the constantly increasing burden laid on local governments. This department reiterated to the authorities concerned its recommendation for the approval of legislation to increase local revenues. A bill increasing the taxing powers of our municipalities, with adequate safeguards, was accordingly approved by the senate in the 1926 sessions of the legislature, but unfortunately it was not acted upon by the house of representatives.

Convinced of the need of revising our provincial and municipal laws, including the charters of the cities of Manila and Baguio, this department, upon request, collaborated with the senate committee on provincial and municipal governments in its work along this line. Officials well qualified by training and experience were appointed by me to assist said committee. A report of this body and action thereon by the legislature are expected in the near future.

Following is a brief account of the work of the bureaus and offices under the administrative supervision and control of this department:

EXECUTIVE BUREAU

Territorial organization.—No new Province, municipality, or barrio was created during the year. A number of petitions for the organization of new municipalities, as well as the bills passed by both houses of the legislature organizing new municipalities, were disapproved for economic reasons. The boundary disputes between different Provinces of which there were 11 cases received, and boundary disputes between municipalities situated in the same Province of which there were 10 cases appealed and 16 cases brought up directly to this office, were promptly attended to.

Elections.—The number of voters registered during the general elections of 1925 is reported to have reached 1,131,137. Seven hundred eighty-two thousand five hundred eighty-seven, or 83 per cent of the registered voters, voted.

Three special elections were held during the year for insular offices, two of which were for the position of senator, to fill the vacancies occasioned by the death of Senator Lucero of the third district and of Senator Gomez of the ninth district, and one, for the position of representative of Nueva Ecija, to fill the vacancy caused by the election of Hon. Isauro Gabaldon as Resident Commissioner in Washington. These elections were conducted in a most peaceful manner. Following instructions of the Governor General, an informal election was held in Catanduanes, on June 1, 1926, under the supervision of a special representative detailed by this bureau. The presidents, vice presidents, and councilors of the municipalities of the subprovince selected the successor of Lieutenant Governor Felipe Almojuela, who was shot to death by the chief of police of Virac for political reasons. Ex-representative Sulpicio B. Cea having won in this special informal election, the Governor General appointed him lieutenant governor of Catanduanes.

Revenue collections.—Revenue collections in 1926 from all sources exceeded those for the previous year. The total collections accruing to insular, provincial, and municipal funds in 1926 in the 39 Provinces under the jurisdiction of the bureau amounted to ₱40,824,055.99 as compared with ₱38,885,114.59 in 1925, or an increase of ₱1,938,941.40. The collection from the land tax accruing to provincial and municipal funds was ₱11,024,101.37 as compared with ₱9,329,569.36 in 1925; from the cedula tax, ₱4,568,083.50 as compared with ₱4,533,894.50 in 1925. In 1926, the municipal license taxes and fees collected were ₱6,344,324.31 as compared with ₱5,739,475.09 for the previous year. Receipts

from other sources accruing to local funds, such as fees from weights and measures, municipal share in internal revenue collections, land and water transportation, toll fees, telephones and waterworks, and other miscellaneous receipts, are given in detail in the report of the chief of the executive bureau.

Assessment.—The assessed value in 1926 of taxable property in the 39 Provinces under the jurisdiction of the executive bureau was ₱1,286,071,691 as compared with ₱1,255,240,246 in 1925, or an increase of ₱30,831,445, while that of exempt property amounted to ₱207,136,457.11 as against ₱204,481,-197.11 in 1925, or an increase of ₱2,655,260.

Loans.—Forty-three applications for loans from the Postal Savings Bank out of a total of 167 received by the executive bureau, involving the sum of ₱763.800, were favorably recommended. Fourteen of these applications amounting to ₱252,300 were approved. Loan applications were mainly for market buildings, waterworks systems, presidencias, and school buildings. With the approval of Act No. 3335, already mentioned above, which appropriates ₱3,500.000 for loans to Provinces, municipalities and chartered cities, at the close of the year, all loan applications favorably considered by the executive bureau which were not acted upon by the Postal Savings Bank board for lack of funds, including some of those already approved by the bank but the funds for which had not been released, were referred to the loan board created by said act for consideration.

Twenty-four applications for loans to municipalities from provincial funds, amounting to ₱171,299.77, were approved by this office. These loans were for waterworks systems, markets and school and municipal buildings.

We desire to mention in this connection that the principal projects financed from most of the loans applied for were waterworks systems and markets, two revenue producing projects.

Administrative cases.—On the whole the conduct, morality, and efficiency of provincial and municipal officials were excellent. There were fewer complaints received in 1926 than in 1925. A high standard of morality was maintained by the officials entrusted with the custody of public funds. Cases involving loss of funds through dishonesty were very few. The chief offenses for which officials were disciplined were neglect of duty and abuse of authority. The most important charges were investigated by representatives of the executive bureau and of the Governor General.

Salary increases.—In accordance with the schedule fixed in Act No. 3261, salary increase were given to officials of municipalities whose yearly revenues were in excess of the income required by law for the class to which they fall and whose public improvement programs were amply provided for in their budgets. As a rule, however, increases were not authorized on account of the economy policy of the government and the policy of investing surplus revenues for public improvements.

Gambling and prostitution.—The campaign to suppress gambling and prostitution was intensified. The policy of gradual elimination of cockfighting was also strictly adhered to.

Inspections.—During the year, 130 municipalities and 8 Provinces were inspected by special agents of the executive bureau. In addition to this inspection, the chief of the bureau, with a party of provincial governors, treasurers, and some insular officials, made a tour of the islands. This trip lasted about one month and a detailed account thereof is given in the report of the executive bureau.

Cooperation with other bureaus.—As in previous years, the executive bureau cooperated with other bureaus in their activities in the Provinces and municipalities, especially with the bureau of agriculture, in its campaign to rid the islands of animal and plant pests.

Expenditure.—The total appropriation authorized for this bureau for 1926 was ₱255,706.45. The expenditures amounted to ₱252,052.23. There was therefore a saving of ₱3,654.22. The saving for the previous year (1925) was ₱3,528.62.

BUREAU OF NONCHRISTIAN TRIBES

Conduct of provincial and municipal officials.—The work of the authorities in the advancement of our non-Christian tribes in the nine Provinces under the jurisdiction of this bureau was on the whole most pleasing and satisfactory. The provincial and municipal officials conducted themselves well and in an efficient manner, and had shown keen interest in improving existing conditions.

There were seven investigations against local officials conducted by representatives of this bureau, mostly for minor irregularities, the only case of importance being the alleged abuse of non-Christians by the provincial governor of Agusan and his deputies. This case was pending decision at the close of the year.

Revenue collections.—The principal sources of revenue collected in the nine Provinces under this bureau are the cedula tax, the land tax, and other sources, the revenue from which accrues to the insular government. As a result of improved economic conditions and the activity of local officials, there was an increase in revenue collections in these Provinces, as may be seen from the following comparative statement of collections:

Nature	1924	1925	1926
Insular fund	₱1,110,176.66	₱1,253,862.66	₱1,265,018.85
Cedula	417,685.00	438,950.50	443,106.00
Land tax	587,981.50	668,277.78	712,236.08

Assessment.—As a result of the revision of assessments, there was considerable increase in the valuation of real property in the special Provinces as shown by the following comparative statement:

1924	₱59,821,678.00
1925	73,528,590.47
1926	74,612,966.69

The value of exempt property was ₱8,279,188 for 1926 as compared with ₱7,960,365.66 in 1925.

Insular aid.—On account of the undeveloped conditions existing in the special Provinces, most of them are not self-supporting, so that the legislature has to vote some aid for them yearly. This aid is spent for general administration, representing salaries and wages mostly, and public improvements. The figures for the last three years follow:

Purpose	1924	1925	1926
General administration	₱339,620	₱315,970	₱302,200
Special purposes	120,380	144,030	97,800
Total	460,000	460,000	400,000

Agricultural colonies.—At the end of the year, the following agricultural colonies were given government assistance: The Cotabato colonies, the Momungan agricultural colony, the Tawi-Tawi agricultural colony, and the Mailag agricultural colony. Considerable work was accomplished by the colonies in the improvement of their farms and homes. It will be remembered that these agricultural colonies were founded as part of the government program of developing the region inhabited by our non-Christian brothers.

Special scholarships.—For the school year 1926–27 there were 35 scholarships awarded to non-Christians. Most of these students attended schools giving courses in agriculture and education. There is one enrolled in the Philippine Nautical School and two in the Constabulary Academy. As will be remembered, the system of awarding scholarships at government expense to non-Christians was adopted as a part of the policy of unification and assimilation in order to prepare them for work in the advancement of the non-Christian inhabitants.

Employment of non-Christians.—The policy of employing non-Christians in the government service was consistently carried out during the year. The number of non-Christians employed in different capacities in the provincial, municipal, and municipal district offices under this bureau, such as third members of provincial boards, deputy provincial governors, clerks, municipal and municipal district presidents, vice presidents, councilors, policemen, teachers, treasurers, secretaries deputy assessors, tax collectors, telephone linemen and operators, messengers, sanitary inspectors, was 1,956 for 1926 as compared with 1,732 in 1925 and 1,453 in 1924.

Non-Christians in the regular Provinces.—The bureau fully extended its activities in 1926 to 10 regularly organized Provinces with non-Christian inhabitants, namely, Abra, Bataan, Mindoro, Misamis, Pampanga, Rizal, Tarlac, Tayabas, Surigao, and Zambales. Special attention was given to carrying out the program of fostering the economic development of the non-Christians.

Owing to the increasing number of land conflicts, steps were taken by the bureau to reserve lands for the use of non-Christians in these Provinces.

Non-Christian delegations.—In accordance with the program of promoting friendly relations between Christians and non-Christians, a considerable number, men and women of different tribes, most of whom are influential in their respective localities, were brought to Manila at government expense during the carnival period. These men fully appreciated the opportunities given them to come to Manila, and gave no little assistance to the government in its work.

Inspection.—Personal inspection work among the non-Christians, being one of the most important tasks of this bureau, the greatest portion of the territory under its jurisdiction was, as usual, inspected by its director and most of his special agents. From this inspection, a more intimate and thorough knowledge of existing conditions and the problems that the government has to solve in the administration of the affairs of its backward peoples, is secured.

Appropriations and expenditures.—Out of a total appropriation of ₱590,644 only ₱582,242.88 was spent. An economy of ₱8,401.12 was thus effected. A comparative statement of the total sums appropriated by the legislature and the sums expended by the bureau for the last three years is given below:

Year	Appropriations	Expenditures	Unexpended balance
1924	₱609, 780. 00	₱598, 689. 47	₱11, 090. 53
1925	601, 097. 08	582, 507. 35	18, 589. 73
1926	590, 644. 00	582, 242. 88	8, 401. 12

PHILIPPINE CONSTABULARY

Organization.—The efficiency and high standard of the constabulary were maintained during the year. An important change in the organization was made at the beginning of 1926 with the reestablishment of the system of districts which was abolished in 1916. The islands were divided into the districts of Mindanao and Sulu, Northern Luzon, Southern Luzon, and the Visayas, each district having a staff consisting of the district commander, district adjutant, and district inspectors, with constabulary soldiers performing clerical work. Thus far the change is reported to have worked well.

A detailed account of the activities of the constabulary by districts, in connection with the maintenance of law and order, is given in its annual report.

The actual strength of the constabulary on December 31, 1926, was 396 officers and 6,053 enlisted men as compared with 394 officers and 5,829 enlisted men in 1925, distributed throughout the islands in 162 stations. There were in 1926, 25 Americans and 371 Filipinos in the commissioned service. In 1925 there were 13 Americans and 381 Filipinos in the same service.

Activities.—The principal field of activities of the constabulary during the year was in Mindanao and Sulu, where this institution conducted operations against the recalcitrant elements.

In addition to the ordinary work on the maintenance of law and order, such as apprehending criminals, detecting crimes, patrolling different sections, supervising the police, and licensing firearms, the constabulary had also, as in previous years, lent assistance to other offices of the government, such as the bureau of agriculture and the health service in quarantine work, the bureau of prisons in escorting prisoners, and other bureaus of the insular government in furnishing guards or in conducting investigations for them.

The constabulary reports to have captured during the year 136 firearms, recovered 661 large cattle, and captured or seized ₱36,807.17 worth of effects of crimes. It made 19,642 patrols, 180 opium and 536 gambling raids. It had 16 encounters with outlaws, killing 99, wounding 10, and capturing 12. In all its encounters, 10 officers and 81 enlisted men were wounded and 15 enlisted men killed.

Discipline.—The discipline of the constabulary was on the whole excellent. The number of officers proceeded against administratively was small. Only 1 officer was dismissed for cause, 8 forced to resign, 5 reduced in files, and 23 fined. Sixty-nine enlisted men were dishonorably discharged and 7 noncommissioned officers demoted.

Retirement.—During the year, 5 officers and 41 enlisted men retired under the constabulary pension and retirement law; 6 officers retired under the Osmeña retirement act, and 14 officers resigned, thus giving place for the appointment of graduates of the constabulary academy in Baguio.

Firearms.—The number of permits and licenses issued by the constabulary up to and including December 31, 1926, including those issued in the district of Mindanao and Sulu, was 39,324 as compared with 35,824 in 1925, or an increase of 3,500; 1,715 firearms were owned by the provincial governments for the use of their officials in the performance of their official duties, as compared with 1,537 in 1925; 7,020 firearms were owned by municipalities for the use of municipal officials as compared with 6,915 in 1925; and 32 firearms belonging to the constabulary were loaned to some municipal officials.

Municipal police.—The constabulary continued to be in charge of the police of the municipalities of Cavite and Cebu, and in addition there were placed under its control during the year the municipal police forces of Iloilo and Masbate.

Expenditures.—The cost of maintenance of the constabulary for 1926 was ₱4,936,277.30 as compared with ₱4,888,976.74 in 1925, representing an increase of ₱47,300.56. This increase was due to the increase of longevity pay of officers, emergency allotments for repairs to constabulary barracks, transportation of officers and enlisted men to the North to perform quarantine duty in the Provinces affected by rinderpest, and the increase in rentals of quarters and offices in the Provinces.

OFFICE OF THE PUBLIC WELFARE COMMISSIONER

In general.—This office became popular and its activities had to expand to meet the increasing demand for assistance. Its work on maternity and child hygiene, the care of destitute, delinquent and other dependent classes of people, and the improvement of living conditions was productive of good results.

Welfareville.—The outstanding accomplishment of this office for the year was the establishment in a government site of 50 hectares, located in the municipality of San Felipe Neri, Province of Rizal, of a children's village, now known as Welfareville. All the child-caring institutions of the office, housed in 14 buildings of strong materials, which were constructed by the boys themselves, except one, under the supervision of the bureau of public works, are grouped together under one central administration. In this village, 1,514 children, consisting of orphans, destitutes, abandoned, delinquents, and non-leprous were taken care of, the aim of the authorities being to transform them, through discipline, vocational training, and education into better citizens and useful elements of the community.

Probation work.—The work on probation, inaugurated in 1925, was continued with success. There were 1,323 minors reported as having been placed on probation during the year under review. Out of this number, 27, or 2.04 per cent, were arrested for the second time for committing subsequent offenses while still serving their first period of probation. Out of 460 probationers successfully discharged, 0.86 per cent or less than 1 per cent did not permanently seem to retain the good that probation had done them. All juvenile cases were assigned to the third branch of the municipal court of the city of Manila, presided over by a former pensionado who specialized in juvenile delinquency in the United States. Among the most common offenses committed by minor delinquents placed on probation are fighting, petty theft, gambling, and violation of city ordinances on traffic.

Puericulture centers.—As in the past, the puericulture centers of which there were 330 in 1926 as compared with 318 in 1925, rendered valuable assistance in the campaign to improve the health of mothers and children. The officials of Provinces and municipalities having puericulture centers showed commendable spirit in the affairs of the agencies and aided them with their funds in addition to the aid granted by the insular government. The work of these centers was inspected periodically by medical officers and nurses of the central office. The training of puericulture center workers in Manila was continued. The construction of puericulture center buildings and maternity houses was encouraged in places where hospital facilities are lacking.

During the year 67 baby contests were held in 27 Provinces, under the auspices of puericulture centers, woman's clubs, and other civic organizations. Forty-nine thousand seven hundred ninety bottles of tikitiki extract were distributed to the poor without charge.

General welfare work.—The office cooperated with private charitable organizations—the Philippine Islands Anti-Tuberculosis Society, the Associated Charities of Manila, the National Federation of Women's Clubs, the Asociacion de Damas Filipinas, the Gota de Leche, and the Hospicio de San Jose de Barili—by extending financial and technical assistance to them as they only have limited funds in carrying out their social welfare work.

The Hospicio de San Jose de Barili in Cebu is the latest addition to the social welfare organizations which receive financial and technical help from the government. This institution was organized for the gratuitous care and support of indigent invalids out of the income from the real estate donated by Don Pedro Cui and Doña Benigna Cui, of Cebu. The value of this donation to the Philippine government is more than half a million pesos.

Clean-up week.—The chairmanship of the committee in charge of the clean-up-week activities, which were conducted by this office for three years from 1922 to 1925 with gratifying results, was transferred by executive order No. 30, series of 1926, to the national executive committee, consisting of the director of health, as chairman, and the chief of the executive bureau and the public welfare commissioners, as members.

Expenditures.—The total expenditures incurred by this office and those by private charitable organizations receiving aid from the government in 1926 were ₱810,417.48, as compared with ₱688,545.81 in 1925 distributed as follows:

Maternity and child-hygiene work	₱353,399.80, or 43.7 per cent.
Care of dependent class of children, excluding the maintenance of the minor delinquents placed in training schools	233.567.21, or 28.8 per cent.
General-welfare activities, including aid given to private charitable organizations	77,642.45, or 9.5 per cent.
Philippine training schools	145,808.02, or 18 per cent.
Total	810,417.48, or 100 per cent.

PHILIPPINE GENERAL HOSPITAL

In general.—There was a steady improvement in the work of the Philippine General Hospital. During the year new constructions were added, the most important of which is the additional operating pavilion known as the Guazon memorial. Some parts of the existing buildings were modified and improved to meet the increased requirements of the service. A new artesian well was completed this year.

Hospital day.—At the invitation of the National Hospital Day Committee of the American Hospital Association, hospital day, which fell on May 12, 1926, was for the first time observed in the Philippines. During the day the Philippine General Hospital was thrown open to the public to give the people opportunity to see its different departments. The hospital was awarded first honorable mention by the General Committee on Award in the United States.

Patients treated.—More patients were treated in 1926 than in 1925, both in the hospital and in the free dispensary. The total number of patients treated in all departments was 89,610, the greatest number being registered in the free-dispensary department, with 57,934 patients. The hospital is now treating patients on the average of 457 a day. As in previous years, the hospital found it necessary to turn out 5,666 patients on account of lack of accommodations. In order to reduce this number, the construction of a two-story pavilion for patients is being urged by the hospital authorities.

Nurses.—Eighty-two nurses graduated from the school of nursing of the Philippine General Hospital. Twenty-three of these were appointed head nurses in the hospital and the rest were employed by other governmental agencies.

Research activities.—Several members of the hospital staff conducted research work and the results were read in medical conferences held in Manila.

Expenditures and earnings.—The total operating expenses of the Philippine General Hospital for the year were ₱880,045.49, as compared with ₱864,648.28

in 1925, or an increase of ₱15,397.21. This was due to the higher price of food commodities and the increase in the number of patients in the free dispensary. The income of the Philippine General Hospital, derived mainly from the fees paid by private-room patients, was ₱170,817.77, as compared with ₱151,975.89 for 1925.

Southern islands hospital.—This is a branch of the Philippine General Hospital located in Cebu. Like the Philippine General Hospital, it registered an increase in the number of patients admitted in 1926, which was 2,549, as compared with 2,134 in 1925. There were attended in the free dispensary 12,595 patients, as compared with 11,744 in 1925. The capacity of the hospital was increased from 86 beds in 1925 to 94 beds in 1926. The number of patients who could not be admitted for lack of accommodations was 3,181. The average number of patients treated daily in the hospital was 74, and in the dispensary 94.

Some alterations were made in the buildings occupied by this hospital in order to make them more useful.

The school of nursing of this hospital graduated 17 nurses in 1926. The total number of graduates from this school during its eight years of existence is 93.

The total operating expenses of the Southern Island Hospital were ₱139,276.72 for 1926, as compared with ₱134,733.20 in 1925, or an increase of ₱4,543.52, due to the greater expenses incurred for maintenance and repairs.

BOARDS OF EXAMINERS

Registration.—The work of the boards of examiners in giving periodical examinations proceeded during the year without interruption and registrations were as follows: Doctors of medicine, 151; midwives, 38; pharmacists, 142; dentists, 101; optometrists, 33; and nurses, 221.

Revocation of certificates.—The certificates of registration of one practicing physician, one dentist, and one nurse were revoked for cause. The campaign to rid the islands of illegal practitioners was continued, and with the aid of the constabulary several persons were prosecuted and convicted.

Cooperation with commissioner of private education.—Practically all the boards cooperated with the commissioner of private education, under the department of public instruction, in his work relating to the granting of government recognition to private schools. The curricula of these schools were examined and recommendations as to requirements to be prescribed for government recognition made.

New legislation.—Act No. 3272, passed during the year, grants the members of the board of pharmaceutical examiners and inspectors, in their capacity as examiners, a compensation of ₱5 for each candidate examined, with the exception of the chairman of the board, who, under the law, is given a fixed annual salary of ₱4,000.

Expenditures and income.—The total expenditures of the boards in 1926 were ₱39,968.60. The income, derived mostly from examination and registration fees, was ₱30,672.17, as compared with ₱21,133.40 in 1925, or an increase of ₱9,538.77.

CITY OF MANILA

In general.—The relation between the mayor and the municipal board was on the whole characterized by harmony and cooperation. As a result there were substantial accomplishments in the administration of the affairs of the city.

Public works.—Much was accomplished in public works and improvements during the year. Additions were made on 1 market building and 4 school buildings; 1 carpentry shop for school use, a public shower bath, and a bath-laundry-closet were constructed; a number of school buildings altered and repaired; 2 new bridges of minor importance built; 3,675 square meters of new streets opened; the asphalted area of streets was increased by 33,118 square meters; 1,516.02 linear meters of curb and 2,271.31 linear meters of gutter and drainage were constructed; 42,074 square meters of low lands were filled; 60,071 square meters of grading and filling were accomplished in different places; and parks and playgrounds were improved.

The department of engineering and public works continued its campaign of exterminating rats, flies, and mosquitoes; 329,520 breeding places were inspected and oiled; 1,455,910 square meters of marsh areas were oiled; and 53,987 rats were caught and killed.

Building permits.—The total number of permits issued was 7,858, of which 1,656 were for the construction of strong material buildings, valued at ₱6,738,850. The value of all constructions and repairs for which permits were issued amounted to ₱7,305,010 in 1926, as compared with ₱6,817,140 in 1925.

Law and order.—The law and police departments maintained their efficiency during the year; 26,193 arrests were made. This is 402 less than the number of arrests in 1925.

The total number of criminal cases filed by the office of the city fiscal in the municipal court in 1926 was 23,815, as compared with 21,303 in 1925. Of the 23,930 defendants tried by the municipal court, 16,270 were fined, 3,273 imprisoned, 1,551 appealed to the court of first instance, and the rest were either acquitted or their cases dismissed. The most common offenses for which the greatest number of informations were filed are violations of municipal ordinances. The number of cases filed against chauffeurs for reckless driving was 1,218 in 1926, as compared with 270 in 1925.

Schools.—In 1926, and for the first time in the history of the city schools, all children of school age whose parents were bona fide residents of the city could be accommodated. There was a total enrollment of 65,669 in 1926, as compared with 64,283 in 1924. This was made possible on account of the acquisition of two new school houses, the additions made to existing school buildings, and the lease of new buildings constructed by private individuals for school purposes.

Fires.—The total loss from fires during the year was estimated at ₱1,266,284, as compared with ₱623,430.50 in 1925. Important steps in fire prevention were taken when the city disseminated fire-safety rules to the public during the observance of fire-prevention day.

Playgrounds.—The public playgrounds of the city were well kept and afforded wholesome recreation both to the general public and the students. As usual, a series of group games in which the schools participated were held under the direction of the personnel of the playground and recreation department.

Manila beautiful movement.—Substantial progress was made during the year in connection with the "Manila beautiful" movement, an estimate of the work accomplished being placed at 75 per cent more than what was done in previous years.

Assessment.—The total assessed valuation of taxable real estate in the city in 1926 was ₱249,510,893, as compared with ₱245,972,058 in 1925, or an increase of ₱3,538,835. The total value of exempt property in 1926 was ₱102,407,320, as compared with ₱102,167,075 in 1925, or an increase of ₱240,245. The assessment valuations of 866 parcels of land were revised during the year.

Finance.—The finances of the city were well managed and the different departments carried out their activities within the authorized appropriations. The total collections of the city in 1926 from the land tax, the cedula tax, municipal license taxes and fees, franchise tax, internal-revenue allotment, and other minor sources amounted to ₱7,578,740.97, as compared with ₱7,107,796.18 in 1925, or an increase of ₱470,944.79. The expenditures amounted to ₱7,209,082.16 in 1926, as compared with ₱7,037,331.26 in 1925.

CITY OF BAGUIO

In general.—Health and sanitary conditions in Baguio continued to be excellent. The death rate was very low. An active campaign was waged to exterminate mosquitoes.

The schools had increased attendance.

A good deal was accomplished in the work of improving and beautifying the city.

Public works.—The repair, resurface, asphalting, and extension of roads were undertaken; the lighting system extended; new water pipe lines and sewer system installed; two new government cottages and two temporary market sheds constructed; drainage and sidewalks improved; lowlands filled; reconstruction and repair of bridges made, and a part of the city hall improvement plan completed.

Public utilities.—The public utilities mentioned in our 1925 report which are under the supervision of the city engineer, made a profit of ₱88,217.85 in 1926.

Building permits.—There were issued 62 permits of which 26 were for new constructions and 36 for repairs, additions, and alterations, all estimated to cost ₱160,455. At the close of the year indications were that considerable new constructions will be undertaken on a wide scale in 1927.

Law and order.—The condition of public order was excellent. The number of arrests during the year was 703 or 182 arrests over those made in 1925. There were 187 criminal cases handled, 141 resulting in convictions and 46 in dismissals.

Assessment.—The total assessed value of real estate in the city in 1926 was ₱9,148,190 as compared with ₱8,945,410 in 1925, or an increase of ₱202,780. The total value of real estate exempt from taxation was ₱6,359,470 as compared with ₱6,271,850 in 1925, or an increase ₱87,620.

Receipts and expenditures.—The collections of the city from the general and waterworks funds in 1926 amounted to ₱497,423.96. The expenditure in the same funds was ₱442,866.67. There was a decrease in the 1926 receipts as compared with the receipts for 1925 due to the limitation of the insular aid to approximately ₱100,000.

Employment of non-Christians.—Since the inauguration of the policy of employing non-Christians in the Government service whenever possible, there was a steady increase in the number of non-Christians employed by the city. Of the 34 vacancies occurring during the year in the different departments of the city, 22 were filled by natives. The total number of Igorots employed in subordinate positions at the close of the year was 104. This number does not include the common laborers, almost all of whom are natives.

METROPOLITAN WATER DISTRICT

Personnel.—The manager of the district, Mr. Abraham Gideon, went on leave to the United States on June 2, 1926, and during his absence which lasted from said period to December 10, 1926, Mr. Paul W. Mack acted as manager. While in the United States, Mr. Gideon investigated the filtration system for the purpose of finding out the system that may best be adopted by the district.

Conditions in general.—On the whole, the affairs of the district were efficiently handled. The existing water supply and sewerage systems with all their appurtenances, which constitute the principal activities of the metropolitan water district, were successfully operated and maintained in good working condition. As a result, there was sufficient water supply for all purposes. except during the dry season, when there was some shortage of water which put the inhabitants of the city and the neighboring municipalities comprised within the district to some inconvenience. With the adoption of appropriate measures, however, absolute shortage was prevented even during the most acute period of the season.

Accomplishments.—At the end of 1926, the number of water services was 19,799, or an increase of 1,436 over the 1925 water services. There were added 462 sewer connections. About 900 meters of 2-inch water mains and over 830 meters of sanitary sewers were extended. Marked progress was made on the construction works on the permanent extension of the district's water-supply system. At the end of the year, there was over ₱1,000,000 worth of work on the extension of the district's water supply completed, and a total of about ₱6,000,000 worth of works advertised and ready for construction.

Finance.—The gross income of the district in 1926 amounted to ₱1,547,288.17 or an increase of ₱74,724.47 over that of 1925. The gross disbursements amounted to ₱1,175,100.04 or an increase of ₱93,534.44 over those of last year. The expenditures during the year increased by the additional interest paid on the new bond issue, while the income also increased because of the interest received from deposits in the bank. The net worth of the district since its organization into a separate entity increased to ₱5,051,659.78 at the end of the year.

PENSIONADOS

Selection of pensionados.—The competitive system of selecting government pensionados was inaugurated in 1926. The rules and regulations adopted continued the policy of the council of state of selecting only experienced university graduates to pursue post-graduate courses abroad and courses that can not be pursued to advantage in the Philippine Islands. Under an appropriation of ₱280,000, 19 full pensionados were selected. 17 of whom were sent to the United States, 1 to India, and 1 to Europe. The total number of pensionados at the close of the year on the pay roll was 67, 55 of whom were full pensionados and 12 partial. This number does not include the university fellows who are placed under the charge of the Philippines pensionado agent and paid from the appropriations of the University of the Philippines.

Before the departure of the 1926 pensionados, the Philippine pensionado agent in Washington, D. C., was instructed to consult such organizations as the National Research Council and the Institute of International Education for the purpose of determining to which educational institutions in the United States these pensionados should be sent.

Accomplishments.—The conduct, work, and health of our pensionados were on the whole excellent. Thirty-one pensionados were conferred various degrees by universities of good standing on courses pursued by them, ranging from the bachelor's to the doctor's degree. Ten pensionados were elected to honorary societies; 1 was awarded a bronze medal by the committee on awards of the "Salon de 1926," Paris; 3 were granted scholarships by Yale, Johns Hopkins, and Harvard, and 1 was appointed first lieutenant in the United States Reserve Dental Corps.

In addition to meeting the pensionados in San Francisco, the Philippine pensionado agent visited the pensionados in 15 different cities. In these visits, interviews were held with professors and landladies for the purpose of straightening out matters or settling difficulties in which the pensionados may find themselves either in their studies or in their living conditions.

As in previous years, pensionados were permitted to acquire practical experience and training in their line of work.

Expenditures.—The total amount spent in 1926 was ₱272,589.32, of which ₱34,953.10 was expended in Manila and ₱237,636.22 in Washington. The average annual expenditure for each student in the United States for the entire year was ₱3,065.44 as compared with ₱3,097.86 in 1925, or a net decrease per capita of ₱32.42. For the purpose of comparison, the average annual expenditure per capita for the past five years is given below:

1922	₱3,227.20	1924	₱3,059.50
1923	3,208.08	1925	3,097.86
1926 (average)	₱3,065.44		

The policy of economy in the expenditure of pensionado funds was strictly observed during the year. The overdraft of ₱9,077.34, incurred in 1925 through unforeseen and unavoidable causes, was covered in 1926 by Act No. 3325 of the legislature.

NATURALIZATION

During the year the naturalization papers of 38 persons were received in this department for custody in accordance with the provisions of Act No. 2927. Twenty-nine persons were naturalized during the year, 2 of whom were born in the Philippine Islands of Filipina mothers, but of Arabian father in the case of one and Chinese father in the case of the other. The countries from which the remaining 27 came are as follows: Spain, 12; Russia, 4; Syria, 3; Great Britain, 3; Poland, 1; Rumania, 1; and Turkey, 3.

MISCELLANEOUS ACTIVITIES

As chairman of the militia commission under Act No. 2715, chairman of the Philippine committee on geographical names created by Executive Order No. 53, series of 1917, chairman of the Rizal memorial park committee created by Executive Order No. 11, series of 1920, and as the official of the government authorized to approve pension applications of veterans of the Philippine revolutions, I have nothing of importance to report.

Very respectfully,

HONORIO VENTURA,
Secretary of the Interior.

His excellency the
GOVERNOR GENERAL OF THE PHILIPPINE ISLANDS,
Manila.

ANNUAL REPORT OF THE SECRETARY OF PUBLIC INSTRUCTION

DEPARTMENT OF PUBLIC INSTRUCTION,
Manila, April 11, 1927.

His Excellency the GOVERNOR GENERAL, *Manila.*

SIR: I have the honor to submit the twenty-fifth annual report of the department of public instruction for the calendar year 1926.

As in previous years, the department's organization consisted of the bureau of education, the Philippine health service, the bureau of quarantine service, and the office of private schools, changed to the office of the commissioner of private education. The personnel of the department was as follows: Eugene A. Gilmore, secretary of public instruction; Alejandro Albert, undersecretary; Luther B. Bewley and Gabriel Mañalac, director and assistant director of education, respectively; Jacobo Fajardo, director, Philippine health service; H. F. Smith, of the United States Public Health Service, chief quarantine officer for the Philippine Islands, relieved by C. R. Eskey on August 11; and W. G. M. Buckisch, commissioner of private education, formerly held by Thomas J. McQuaide. The position of assistant director of health was, on recommendation of the director, discontinued.

The University of the Philippines, the government institution of higher education, is administered by a separate board of regents, of which the secretary of public instruction and the director of education are ex officio members, the former being chairman of the board. An annual report of the activities of this institution is submitted directly to the Governor General. With the exception of the University of the Philippines, all public education and all private schools having government recognition are under the jurisdiction of this department. In the annual report of the Governor General will be found a section devoted to the University of the Philippines.

Within this department also are the greater number of the activities of the government in the field of public health, sanitation, and quarantine. The Philippine General Hospital and the Southern Islands Hospital are within the department of the interior, as are also the various examining boards for the professions of medicine, dentistry, pharmacy, and nursing. The office of the public welfare commissioner, under this same department, has charge of the care and education of dependent and delinquent children. The department of agriculture and natural resources carries on, through the bureau of agriculture, experimental stations and the manufacture of animal serums, and, through the bureau of science, general research in various fields of science as well as the preparation of serums, vaccines, and toxins for human beings.

One of the aims of the department during the year, toward the realization of which substantial progress was made, was the promotion of better coordination of all of the activities of these several agencies and the development of closer cooperation among them, especially between the bureau of education and the bureau of health.

In May there was held in Baguio a convention of district health officers, presidents of sanitary divisions, and other public-health officials. During the regular annual teachers' vacation assembly there were held several joint sessions of health and school officials for the purpose of discussing problems of health and sanitation and the methods by which the public schools could assist in solving these problems. The discussions and deliberations of these sessions helped to create a better appreciation of the close relation between health and education and of the contribution which each can make to the other.

There was also created in July, 1926, by Executive Order No. 20, an advisory council of health and physical education for the purpose of studying the present work being done by the public schools in health and physical education, of recommending to the director of education improvements therein, and

of coordinating all the health and physical education activities in which school children participate. This council was composed of representatives from the office of the Governor General, the department of public instruction, the bureau of education, the Philippine health service, the public welfare commissioner, the Philippine Amateur Athletic Association, and the Philippine Chapter of the American Red Cross. A detailed account of the activities of this body is given in the reports on education and health.

Three important advisory committees functioned helpfully during the year—the advisory committee on malaria control, the advisory committee on the care and treatment of lepers, and the advisory committee on the cause and cure of beriberi. These committees are composed of representatives from the various insular bureaus and entities working in allied fields and from the Medical Corps of the United States Army.

There was also substantial progress made during the year in raising the educational and professional attainments of the personnel engaged in the conduct of health and education activities, in improving the salaries of employees, in stabilizing the tenure of their office, and in the raising of the standards of service through closer inspection and supervision.

The appropriations for the support of this department are found in the appropriations of the several bureaus and offices thereof and in the appropriation for the maintenance of the office of the executive. A comparative table annexed shows the aggregate appropriations available for the work of the department.

In the following pages a brief summary is given of the principal activities of the subdivisions of the department. Separate detailed final reports are published by the bureau of education and by the Philippine health service. The data set forth in this report are based on statistics not entirely complete at this time and are subject to correction after all the reports from the field have been received in the central offices of the respective bureaus. Statistical tables concerning each subdivision are annexed hereto.

BUREAU OF EDUCATION

The annual enrollment was 1,061,512,, as compared with 1,096,758 in 1925, a net decrease of 35,246.[1] The total enrollment as of December, 1926, equals 9.18 per cent of the total population and 34.86 per cent of the school population estimated by dividing the total population by 3.8, which is the ratio of the population 6 to 17 years of age of the total population as shown by the 1918 census. The distribution of the enrollment by grades shows—primary, 819,952; intermediate, 182,222; secondary, 48,066.

An analysis of the decrease shows that the primary enrollment decreased 41,583, the intermediate enrollment increased 2,362, and the secondary enrollment increased 3,057. Of the increase in the secondary classes 2,550 occurred in the general academic course and 513 in the agriculture and trade courses. There was a decrease of 199 in the number of primary schools and of 762 in the number of primary teachers, and an increase of 34 in the number of intermediate schools and of 268 in the number of intermediate teachers.

These changes in enrollment were expected as the result of several policies put into operation during the year and indicate a satisfactory, though slight, improvement in the general educational situation. In 1918 there was enacted the so-called "Thirty-million-peso act," an act appropriating that sum of money to be distributed annually in increasing amounts as insular aid to elementary education. While the financial retrenchment instituted in 1921 prevented the distribution of the full amount of this aid, there was, nevertheless, a rapid expansion for several years of school facilities; in fact, an overexpansion, considering the available funds, trained personnel, and equipment. Extensive use was also made of so-called "voluntary contributions" by school patrons to supplement public funds. Quantity was attained at the expense of quality. Due to lack of funds and to a policy of consolidating and improving existing facilities and of holding children longer in school, there was also a decrease in enrollment in 1925 over 1924. This same policy is responsible for the decrease in 1926. During the period of expansion a considerable number of one and two grade schools were started. Many of these have either been discontinued, due to poor attendance or excessive maintenance cost, or have been consolidated with other schools. Many additional classes were opened relying on voluntary

[1] All these figures are approximate and may show a variation of 1,000, more or less.

contributions. Experience demonstrated that patrons contributed enthusiastically at the beginning, but failed to maintain their contributions throughout the year or for successive years. The classes were then thrown on the public for support, and there being no adequate appropriations they were closed. It became necessary to establish the rule that no classes could be opened by voluntary contributions unless there was actually in hand at the opening of the school year cash sufficient to maintain the school throughout the year. Finally, the soliciting of voluntary contributions for school operation was forbidden, except under very extraordinary circumstances. The increase of 2,362 in the intermediate grades and 3,057 in the secondary grades, while slight, indicates some improvement in the holding power of the school. This and other evidence indicates that the average stay of the child in school is lengthening. There is still, however, much to be accomplished. An average stay of five years is deemed the essential minimum.

The large proportion of the increased enrollment in the secondary grades that went into the general academic course is undesirable but difficult to avoid. The definite policy of the bureau is to encourage secondary students to take the vocational courses, especially those of the trade school and agricultural schools. It is gratifying to note that the rate of increase in the vocational courses is greater than in the general academic course. To divert the flow of students away from the general academic course the bureau strongly recommends to provincial boards the imposition of a substantial tuition fee for this course. Many boards have followed this recommendation and fees ranging from ₱8 to ₱20 per year are charged. The policy is also to withdraw gradually the insular support from the general academic high school and to give preference in the assignment of insular teachers to the supervision of elementary schools and to the vocational schools.

The total number of teachers—municipal, provincial, and insular—employed in the service is 25,322, a decrease of 799 from the total number for 1925. This decrease was largely in the primary grades and was partly offset by an increase in the intermediate grades. The causes for this decrease in the teaching personnel has already been explained. The number of American teachers in the service, who are used principally for the teaching of English in the high schools and for demonstration work in the normal schools, dropped from 310 to 294. This decrease was largely due to the inadequacy of the salary which the appropriations made available. In the procuring and retaining of American teachers the bureau of education is in competition with the school systems in the United States, where during recent years there have been substantial increases in salaries. The need of American personnel in the Philippine school system is very great, both for the English program and the teacher training, and any decrease in this personnel, even small, is regretable. There should be a substantial increase.

While the number of teachers in the service has decreased, the year showed progress in the advancement of professional attainments and in the salaries paid. The average monthly salary of all Filipino insular teachers is ₱125; of all Filipino municipal teachers, ₱52.53.

As bearing on the material welfare of the teachers and tending to promote stability of tenure, the following summary of the teachers' pension and disability law is made: In 1922 an act was passed providing for a pension fund made up in this way—3 per cent deducted annually from each teacher's salary; a direct government contribution equal to 3 per cent of the money appropriated for teachers' salaries; fines and savings in operations due to leaves without pay and unfilled positions. The retirement is granted after 20 years of service or total disability after 15 years of service; for retirement after 20 years, 40 per cent of the average salary for the past three years of service; 23 years of service, 50 per cent; and for 26 years or more of service, 60 per cent. The total amount paid into the fund up to December 31, 1926, was ₱5,919,998.15. During the year ₱1,630,156.02 accrued to the fund and 69 teachers retired, making a total of 167 now drawing pensions. The law requires that the funds be invested in the bonds of the United States or of the insular government, or in bonds the principal and interest of which are guaranteed by said governments, or in first mortgages on improved, productive Manila real estate not to exceed 30 per cent of the fund.

Data are not yet available showing the financial operations for the entire year of 1926. As indicating, however, the approximate cost of education in 1926, the following figures for 1925 are given: Total expenditures for school purposes

by the insular, provincial, and municipal governments, ₱24,148,485 (exclusive of ₱1,800,000 appropriated for the University of the Philippines), or 20.58 per cent of the total government expenditures. The insular expenditures for school purposes amount to ₱15,322,761, or 22.25 per cent of the total insular expenditures for all purposes; provincial expenditures, ₱3,071,864, or 10.62 per cent of the total provincial expenditures; municipal expenditures, ₱5,753,859, or 29.41 per cent of the total municipal expenditures. From these figures it is apparent that the insular government still continues to carry the greater part of the financial load of education. The per capita expenditure for education is ₱2.12 and the annual per pupil cost is ₱22.75.

The insular expenditures for school operation slightly increased during the years 1922–1926. The legislature in 1926, however, gave an increase of a million pesos, available in 1927, as insular aid to elementary education and changed the basis of the distribution of said aid from population to 50 per cent on population and 50 per cent on school enrollment. This added appropriation will permit of the discontinuance in most places of the support of schools by voluntary contributions, the reorganization and consolidation of certain schools, and a slight extension in the number of schools. The provincial expenditures have increased, but this has been practically offset by a decrease in municipal expenditures. The increase in appropriation for school buildings was ₱852,755 in 1926 over 1925. The amount apppropriated for 1927 is substantially the same as for 1926.

In the report of the department for 1925 was a summary and discussion of the findings of the educational survey commission which studied the Philippine educational system in that year. The general conclusions and findings therein set forth are still substantially correct, although the year 1926 saw improvement in fundamental matters and the initiation of policies which, in time, will largely overcome existing defects. There was much activity in the measurement and research section of the general office which gave greater impetus to the development of a professional spirit among the teachers. There was an increase in the efficiency of instruction as reflected by an increase in both the percentage and the number of promotions. The improvement in instruction was effected through a better classification of pupils within classes and the enrichment of the curriculum for the faster-moving groups, acceleration and mid-year promotions, and the giving of preference in the enrolling of pupils of normal age. The teacher-training facilities were improved particularly by the addition of separate training departments in several of the provincial normal schools. Appropriations became available for the construction of an additional normal school building and for a building for the training department of the Manila normal school. An unusually large number of new publications were prepared, including new courses of study in music for the primary grades and for normal schools, which were issued to the field; courses in drawing for primary and intermediate grades and the completion of the revision of the service manual.

The general interest of the people in educational progress is indicated by the large number of bills proposed in the last session of the legislature. Aside from the general appropriation and public-works bills, there were more than 400 bills dealing with some phase of education. Most of these, however, called for specific appropriation for the construction of school buildings. Among the bills presented the following became laws: Act No. 3285, authorizing special classes during the long vacation; Act No. 3288, authorizing the use of public-school buildings outside of school hours for the instruction of illiterates; Act No. 3290, appropriating ₱50,000 to enable the department of public instruction to develop educational leadership by sending experienced educators from the department to the United States or foreign countries for study in such fields as agricultural and vocational education, teacher training, and curriculum organization. A bill passed by both houses making compulsory the instruction of Philippine history in the fourth grade in all the schools was vetoed on the ground that this was an undue interference with the details of education administration properly belonging to the director of education. Other bills were enacted which indirectly related to school needs, such as Acts Nos. 3278, 3282, and 3331, which provide for the sale of bonds for public improvements, including school buildings, and Act No. 3335, which provides for a revolving fund of ₱3,500,000 to be loaned to Provinces and municipalities for like purposes.

OFFICE OF THE COMMISSIONER OF PRIVATE EDUCATION

On January 2, 1926, the office of private schools was reorganized. The superintendent of private schools and three other employees, all from the bureau of education, detailed to this work of the department, had been withdrawn.

To take charge of the work the appropriation for the year provided for one general supervisor of private schools, four assistants, and seven supervisors. The general supervisor, chosen from the bureau of education, was designated "Commissioner of private education," in accordance with Act No. 2706. Considerable difficulty was encountered in securing men (who had the experience in the bureau of education) for the other positions, owing to a certain impression of doubt about the permanency of the new positions which was hardly offset by the salaries offered, so that at the end of the year there was still a vacancy to fill. Three of the appointees were of the former staff of the superintendent of private schools.

The policy begun in the latter part of 1925 of detailing men in the field was continued. It brought about the creation of six provincial supervisory divisions, namely, Northern Luzon, Central Luzon, Manila, Southern Luzon, Western Visayas, and Eastern Visayas and Mindanao combined. In each of them at least one supervisor was located and given charge of the work. Two were assigned in Manila, and the same number was intended for the large district of Eastern Visayas and Mindanao, one of which positions is still vacant. Three general supervisors at large were also provided, one in charge of collegiate instruction, one in charge of English instruction, and one in charge of women's schools.

During the year 44 permits for new schools and 76 for additional grades were issued after rigid examination of requests. Out of 347 approved schools 305 (instead of about 100 in the previous year) were visited, 224 being visited more than once. Programs of schools which had not been visited for a long time were carefully checked and revised. Recognition of courses not in operation was canceled, except where there were parallel courses of similar kind with identical need for equipment and faculty. New college-entrance requirements, bringing old rules in line with current collegiate tendencies, were announced, as was also a new secondary general course with provision for optional subjects, which was taken advantages of by some schools, most of which provided for vocational subjects in place of general ones. Standardization of vocational courses, especially commercial, normal, and domestic science, was begun. In order to do away with poor instruction, higher educational qualifications were required of teachers, as well as better checking of students' credentials for admission (including transfers), those of law students being required before instead of after graduation. The lesson plans required of teachers resulted in more systematic and efficient preparation of the day's work. A summer high-school course for teachers in combination with home study has been authorized. Efforts were made to prevent excessive assignments of work to students and teachers. The use of English was more strictly required, and schools unable to adhere in all respects to the rule were advised that such exceptions would not be approved next year. Standard achievement tests were given to measure the efficiency of school work. Much improvement has been made of school libraries and laboratories. Physical education has been promoted through the encouragement of games and athletic meets among private schools. Measures were adopted to stop the practice of opening schools late in the year and calling off sessions at unauthorized times. The constitution of an advisory school committee of 18 school directors to which most of the plans of the office were submitted helped to insure cordial support for the carrying out of these plans.

The difficulties which one must naturally feel impatient to see corrected call for several other measures in order that the system may be placed on a normal running basis. This depends, however, upon the amount of funds and personnel provided to check and supervise the work of the schools. An additional appropriation should be authorized for the increase of personnel, especially in the field force, to perform the work, of which the most essential are: (1) The acquisition of a competent testing section, (2) the addition of a few more field supervisors to the present staff, (3) a larger allotment of travel expenses, and (4) more adequate provision for printing and for supplies and equipment. The department earnestly recommends an increased appropriation for these purposes, especially for an addition to the present force to provide for more intensive supervision of the ever-increasing number of private schools.

(NOTE.—See tables appended.)

BUREAU OF HEALTH—PHILIPPINE HEALTH SERVICE

In the appendix are two tables giving the vital statistics for the year 1926, based on such data as are available at the time of this report. The second table is tentative and is intended to indicate the probable situation in 1926 as

compared with 1925. This table shows that the crude death rate in Manila was 26.37 as compared with 23.87 in 1925, and for the Provinces, estimated, 22.19 as compared with 19.69 of the previous year. The showing made is in part attributable to the fact that more accurate and complete vital statistics are becoming available and also to the prevalence in 1926 of certain diseases. Beginning in the latter part of 1925 and extending into the first quarter of 1926 there was an epidemic of cholera resulting in 1,059 cases and 588 deaths in 1925 and 334 cases and 213 deaths in 1926. Deaths from dysentery increased from 4,925 in 1925 to 8,175 in 1926. Deaths from measles rose from 423 in 1925 to 2,446 in 1926. The deaths from typhoid and paratyphoid decreased; from smallpox, diphtheria, and influenza there was a slight increase, while from tuberculosis, malaria, and beriberi there was a decrease. A table is annexed showing the principal communicable diseases and the number of deaths from each.

The usual number of prophylactic inoculations against typhoid and malaria and vaccinations against smallpox were performed. Experiments were also made on a small scale with antidysentery vaccinations. The figures giving the extent of the disease-control measures are contained in the appendix.

During the year the strength of the medical personnel amounted to 423 as against 414 during 1925; of the nonmedical personnel the total strength was 1,866 as against 1,836 during the previous year.

Among the outstanding activities of the service were the following: The issuance of an administrative order governing examinations, appointments, promotions, transfers, and resignations of presidents of sanitary divisions; the holding of the first general assembly of health officers in Baguio which was attended by about one-third of all provincial health officials; the training and appointment of 36 physicians to fill the vacancies of presidents of sanitary divisions in the different Provinces; the special sanitary and medical work at Novaliches in connection with the construction of the dam for the metropolitan water district; the appointment of more nurses who are graduates of the public health nursing course in preference to those who are not; the establishment of new public dispensaries; the medical relief to sufferers and victims of the typhoon in the Provinces of Batangas, Pampanga, Cebu, and Bohol; the organization of a section in the central office to have charge of the care and treatment of lepers, also of a section to have supervision over the malaria-control activities; the special malaria-control work in cooperation with the Rockefeller Foundation to determine effective methods for the control of this disease.

The malaria-control work, begun in 1925 in cooperation with the Rockefeller Foundation, continued. Field units were chosen to form the field staff and to have control of the areas selected for the work which comprise three sugar haciendas, one sugar central, and two municipalities in Pampanga; four haciendas in Laguna; and two contractors' camps of the Novaliches water project. The work was later turned over to the section of malaria control in the central office. An advisory committee on malaria control was also created. In the appropriation of the Philippine health service for 1927 the amount of ₱25,000 has again been provided to continue the work on malaria control and to undertake the study of beriberi in cooperation with the Rockefeller Foundation. The legislature also approved an appropriation of ₱100,000 for the continuance of the work on malaria next year. A comparative table showing progress made is set forth in the appendix.

In connection with the malaria work mention may be made of the agency intrusted to the Philippine health service with a reimbursable fund of ₱5,000 for the purchase of quinine tablets which were issued by provincial and municipal treasurers to barrio school-teachers and sold at cost by the latter to the people in those places where there were no drug stores or tiendas and which were seldom visited by sanitary inspectors. The campaign was first limited to the Province of Mindoro and later extended to Palawan. The cooperation given by the teachers in this work is discussed under the bureau of education in this report.

One of the recommendations made by the advisory council of health and physical education was for a splenic survey to be conducted among the school children in the Provinces of Bulacan and Batangas, through the district health officers with the cooperation of all health agencies, including the office of the public welfare commissioner.

The extent of district nursing activities and inspections made during the year are shown in the tables in the appendix. The activities of the nurses showed that among the babies and young children the following diseases are still common: Acute bronchitis, scabies and other skin lesions, indigestion and gastrointestinal disturbances, sore eyes, and whooping cough. These are attributable to insanitary ways of living and improper observation of hygiene among the poor. Overcrowding and insufficient air and sunshine in many of the homes were also partly responsible. Investigations in industrial establishments disclosed the need of much improvement in the working conditions. Improvement was made in the handling of foodstuffs through close inspection and through strict regulations promulgated and enforced in public eating places. Prosecutions were instituted against persons violating the pure-food laws. There is still a lack of adequate slaughterhouses to insure the proper preparation of meats for consumption.

In the care and treatment of lepers progress was made during 1926. At the close of the year there were segregated at Culion, 5,133 lepers; San Lazaro, 340; in the Provinces in detention stations, 345, or a total of 5,818. The number of lepers discharged as cured from Culion was 65; from San Lazaro, 49, or a total of 114. During the year 219 lepers were placed on parole as negative. From 1922 to the end of 1926 the total number of lepers cured was 492, and the total number of paroled as negative was 584. The total number of negative children in Culion colony was 339. During the year 178 of these were transferred to the public welfare commission in Manila and cared for at the welfare village. A part of those remaining in Culion were segregated and put in a children's home under the charge of special nurses. Funds and equipment are still lacking to make a segregation of all negative children. Pursuant to the policy inaugurated in 1926 of establishing a certain number of regional detention stations, steps were taken to secure the reservation of a site in the Bicol region. With money appropriated by the provincial boards the necessary buildings will be constructed. The detention station at Cebu was continued and improved. Plans are under consideration for a station at Iloilo. With the creation of a leprosy section in the central office, progress has been made in coordinating all activities pertaining to the care and treatment of lepers. Efforts were made with some success to secure better facilities for the care of lepers held in detention awaiting collection for transportation to Culion. Much, however, remains to be done before satisfactory conditions for the local care and detention of lepers are attained. The equipment at Culion was improved by the donation of ₱5,400 by Mr. Teodoro R. Yangco for the construction of the Yangco Invalid Dormitory for men and women. This was a valuable addition to the housing facilities for the lepers.

The care of the insane continues to be a serious problem. It is estimated that there are in the islands approximately 5,000 insane persons needing institutional care. At the close of the year there were confined at San Lazaro 624 patients; at Lolomboy, a city institution not directly under the control of the Philippine health service, 196. There were also reported as confined in the Provinces 2,443. Some progress was made in meeting the conditions for the care of the insane. There was appropriated for 1926 ₱180,000 for the first unit of a insular insane asylum. Of this amount approximately ₱100,000 was spent for the purchase of a site at San Felipe Neri adjoining the grounds of the welfare village. An additional appropriation of ₱250,000, available for 1927, gave a total of ₱329,871 for buildings. This will be sufficient to construct an administration building, two receiving wards with a total capacity of 200 beds, and other miscellaneous buildings.

The construction of provincial hospitals was continued with the money made available by Acts Nos. 3114 and 3168. Two additional hospitals constructed under these acts began operation—one in Occidental Negros, with a capacity of 35 beds, and the other in Ilocos Sur, with a capacity of 8 beds. Six hospitals constructed under these acts were operating in 1926. The total bed capacity was 151. Four hospitals were in process of construction and are expected to be in operation during 1927. The total number of hospitals under the jurisdiction of the Philippine health service is 30, with a total bed capacity of 2,667. An additional appropriation of ₱500,000 was made to meet the insular share of the operating cost of hospitals constructed under the acts above mentioned.

Other important health legislation passed during the year was an act standardizing the salaries of district health officers according to the class of the Province and providing that the salary should be borne in equal portions by the

provincial and insular funds; an act regulating the private practice of physicians in the public health service assigned to hospitals under the Philippine health service; an act granting a special appropriation of ₱100,000 for malaria-control work in Provinces and municipalities. The general appropriation for the operation of the Philippine health service in 1926 was ₱3,279,238, an increase of ₱70,840 over 1925.

The financial support for health, sanitation, and hospitalization administered under the Philippine health service is derived from insular, provincial, and municipal funds. For the year 1925, which is the latest year for which data are available, the following were the expenditures: Insular, ₱3,208,398; provincial and municipal, ₱1,376,739 for general health and sanitation and ₱346,152 for hospital operation. This represents a per capita expenditure of ₱0.43 plus, or, considering the local funds only, ₱0.14 plus.

The council of hygiene, the advisory body to the public health administration, met frequently during the year. Various matters were taken up and discussed, such as the preparation of a uniform sanitary code, changes in the personnel of the examining board of nurses, the manner of grading examination papers of commissioned officers, creation of a section in the Philippine health service to deal especially with tuberculosis, the establishment of a graduate school of public health, improvement in the disposal of waste in the city of Manila, and studies on the treatment of leprosy.

BUREAU OF QUARANTINE SERVICE

The bureau of quarantine service, which, under the law, performs the functions assigned to it by the United States Public Health Service of keeping all quarantinable diseases out of the Philippine Islands, made no important changes in its organization or management. The chief quarantine officer, Dr. H. F. Smith, took leave on April 1, 1926, to go to the United States, and while there resigned on August 11, 1926. His place was taken over by Dr. C. R. Eskey, who is still in charge of the work.

Two new ports of entry, Legaspi and Davao, were opened to vessels, which called for an increase of quarantine officers on duty at the old ports of Manila, Cavite, Cebu, Iloilo, Jolo, Olongapo, and Zamboanga. The care and detention of the personnel of vessels and the treatment of ships are performed at Mariveles and Cebu, where quarantine stations are equipped, maintained, and operated to serve the northern and southern portions of the archipelago, according to the ultimate destination of vessels, in order to save time and expense.

Enforcement has been carried out here, as far as practicable to give full force and effect, of the quarantine regulations for the United States Public Health Service. The gradual tightening of restrictions thrown around vessels and cargo to prevent the transmission of plague was continued during the year, and efforts were made to have vessels fumigated abroad, but with so little success that it was still necessary to treat them upon arrival here. Fortunately, no serious epidemic of any quarantinable disease occurred in the Philippine Islands, aside from a few cases of cholera, in spite of the presence, in more or less virulent form, of the chief quarantinable diseases in many neighboring countries, and to the extent that they necessitated the performance of quarantine work in all such phases as was normally expected in the Orient. However, the position of the Philippine Islands in her geographical relations with other oriental countries has always demanded constant vigilance, especially as regards Chinese ports. The islands are within a few sailing days from places which are constantly infected with one or more of the quarantinable diseases and where there must have existed or still exist the greatest foci of plague and cholera in the world, but where there is practically no sanitary supervision or organized effort to guard against them. The period of incubation for most of the dangerous quarantinable diseases is longer than the time consumed in a voyage from those places to the Philippines, so that a carrier of smallpox, plague, or even cholera from Hong Kong or Amoy arrived and became a resident of Manila before the disease could be detected.

Conditions of quarantinable diseases such as cholera, smallpox, and plague, as well as the quarantine measures adopted to prevent and control the same, are treated in detail in the annual report of the chief quarantine officer. The different agencies of the quarantine service, namely, national quarantine, consular quarantine, interisland quarantine, medical inspection of aliens, physical examination of applicants for licenses, and the maintenance and care of quar-

antine stations and floating equipment, have been so well enforced that the year 1926 compares favorably with the preceding year as regards effective measures, as well as the volume of work done and shipping which arrived in the islands.

The total expenditures for the year was ₱164,977.39, slightly greater than in the preceding year, due to the purchase of a launch.

In November, 1926, much damage was caused by a typhoon to the quarantine stations at Mariveles and Cebu. Due to this destruction and to the general deterioration of the property, there are now insufficient facilities at Mariveles for the accommodation of cabin passengers in case of necessity for detention to satisfy effective quarantine. The facilities for the detention of steerage passengers have also been greatly reduced.

The floating equipment of the bureau was slightly improved by the purchase, through the courtesy of the Shipping Board officials, of a new launch. The remainder of the floating equipment, however, is old and in great need of repair.

The bureau has no surplus and carries no emergency appropriation with which to deal with an epidemic. The amount of money available is barely sufficient to carry on the routine quarantine activities. Sound administration of quarantine would require the setting up of an emergency epidemic fund.

Respectfully submitted.

EUGENE A. GILMORE,
Secretary of Public Instruction.

APPENDIX

STATISTICAL TABLES

Office	1925	1926
Office of the vice governor and secretary of public instruction	₱52,430.52	₱56,154.70
Office of the commissioner of private education	11,690.03	46,362.84
Bureau of education	14,843,791.65	16,268,742.43
Philippine health service	3,334,476.53	3.444,423.03
Bureau of quarantine service	135,026.70	164,977.39
Total	18,377,415.43	19,980,660.39

NOTE.—In the above figures the provincial and municipal expenditures for educational and health work and the salaries of the chief, one surgeon, and a clerk in the bureau of quarantine service are not included nor are the appropriations in the public works act, in the provincial hospital act, or any other special act for buildings included.

BUREAU OF EDUCATION STATISTICAL TABLES

GENERAL

TABLE 1.—*Annual enrollment and percentage of total population and school population in school*

Year	Annual enrollment, September	Total population [1]	Percentage of population in public schools	School population [2]	Percentage of school-age population in public schools	Enrollment in private schools, July
1922	1,073,858	10,899,825	9.85	2,868,375	37.44	59,969
1923	1,111,742	11,067,117	10.05	2,912,399	38.17	64,729
1924	1,111,566	11,234,409	9.89	2,956,423	37.60	67,576
1925	1,096,758	11,401,701	9.62	3,000,447	36.55	[4] 82,526
1926	[3] 1,061,512	[3] 11,568,994	9.18	3,044,721	34.86	[4] 88,001

[1] Based on latest estimates of the Governor General's office.
[2] Estimated by dividing the total population by 3.8, which is the ratio of the population 6 to 17 years of age to the total population of the islands as reported by 1918 census.
[3] Data for Batanes for July, 1926, is used.
[4] Enrollment for December.

TABLE 2.—*Enrollment of non-Christian pupils*

School year	Number of Provinces reporting such an enrollment	March annual enrollment of non-Christian pupils	Increase (no sign) or decrease (—) over previous year	Per cent of increase (no sign) or decrease (—) over previous year
1921-22	27	62.911	6,160	10.85
1922-23	28	62,812	—100	—.16
1923-24	27	58,558	—4,254	—6.77
1924-25	28	52,976	—5,582	—9.53
1925-26	28	51,543	—1,433	—2.70

TABLE 3.—*Number of teachers*

Year	Number of teachers, December	Increase (no sign) decrease (—)	Percentage of increase (no sign) decrease (—)
1922	24,848	667	2.76
1923	25,780	932	3.75
1924	26,336	556	2.16
1925 [1]	25,701	—635	—2.41
1926 [1]	25,322	—799	—3.11

[1] September data.

TABLE 4.—*Number of American teachers*

Date	American teachers		
	Men	Women	Total
December, 1922	134	202	336
December, 1923	141	188	329
December, 1924	125	197	322
September, 1925	114	196	310
September, 1926	97	197	294

TABLE 5.—*Average monthly salaries of Filipino insular teachers*

Date	Average monthly salaries of Filipino insular teachers		
	Regular	Temporary	All
March, 1922	₱98.42	₱77.66	₱93.36
March, 1923	105.78	82.82	100.85
March, 1924	115.73	92.56	111.87
March, 1925	118.79	100.90	116.69
August, 1926			125.05

TABLE 6.—*Average monthly salaries of Filipino municipal teachers*

Date	Average monthly salaries of Filipino municipal teachers		
	Regular	Temporary	All
March, 1922	₱44.11	₱39.10	₱42.57
March, 1923	47.53	44.55	46.71
March, 1924	47.64	42.98	46.43
March, 1925	49.36	44.25	48.04
August, 1926			52.53

TABLE 7.—*Activities of supervisors of hygiene and sanitation in six divisions*

Division	Schools visited	Pupils examined	Cases treated at school	Cases treated in the homes	Homes visited
Agusan	51	4,169	785	(1)	(1)
Cavite	38	10,237	1,042	(1)	130
Ilocos Sur	70	8,629	6,162	(1)	(1)
Mindoro	52	9,429	411	793	402
Oriental Negros	87	13,127	1,483	(1)	384
Union	65	15,836	5,487	(1)	130

[1] No report.

TABLE 8.—*Elementary promotions and percentage of promotions*

School year	Number of pupils promoted	March monthly enrollment	Percentage of pupils promoted based on March monthly enrollment
1921-22	623,976	897,403	70
1922-23	634,325	906,734	70
1923-24	663,849	914,967	73
1924-25	686,400	908,579	76
1925-26	723,932	887,637	82

TABLE 9.—*Number of primary and intermediate schools and teachers in September, 1925 and 1926*

Items	September, 1925	September, 1926 [1]	Increase (no sign), decrease(—)	Percentage of increase (no sign), decrease(—)
Number of schools:				
Primary	6,190	5,991	—199	—3.21
Intermediate	1,146	1,180	34	2.97
Total	7,336	7,171	—165	—2.25
Number of teachers:				
Primary	18,044	17,282	—762	—4.22
Intermediate	5,772	6,040	268	4.64
Total	23,816	23,322	—494	—2.07

[1] Figures for Batanes are for July, 1926.

TABLE 10.—*Primary and intermediate enrollment and attendance as of September, 1925 and 1926*

Items	September, 1925	September, 1926 [1]	Increase (no sign), decrease(—)	Percentage of increase (no sign), decrease(—)
Total annual enrollment:				
Primary	861,535	819,952	—41,583	—4.83
Intermediate	179,860	182,222	2,362	1.31
Total	1,041,395	1,002,174	—39,221	—3.77
Total monthly enrollment:				
Primary	834,497	793,628	—40,869	—4.90
Intermediate	172,711	176,554	3,843	2.23
Total	1,007,208	970,182	—37,026	—3.68
Average daily attendance:				
Primary	780,505	744,593	—35,912	—4.60
Intermediate	163,506	167,877	4,371	2.67
Total	944,011	912,470	—31,541	—3.34

[1] Figures for Batanes are for July, 1926.

TABLE 11.—*Percentage of total enrollment in primary, intermediate, and secondary grades*

Year	Percentage of monthly enrollment for September		
	Primary	Intermediate	Secondary
1921	85.21	12.47	2.32
1922	83.31	13.66	3.03
1923	81.93	14.43	3.64
1924	80.03	15.50	4.43
1925	78.70	16.29	5.01
1926	[1] 77.24	[1] 17.18	5.58

[1] Figures for Batanes are for July, 1926.

TABLE 12.—*Number and per cent of pupils withdrawing from elementary grades*

School year	March annual enrollment	March monthly enrollment	Loss	Per cent of loss
1921–22	1,052,387	897,403	154,984	15
1922–23	1,069,148	906,734	162,414	15
1923–24	1,091,421	914,967	176,554	16
1924–25	1,080,579	908,579	172,040	16
1925–26	1,053,799	887,637	166,162	16

TABLE 13.—*Percentage of pupils dropping out of school in each of the elementary grades for the school year 1925–26*

Grade	Per cent of pupils dropped	Grade	Per cent of pupils dropped
I	16	V	19
II	14	VI	15
III	16	VII	13
IV	17		

TABLE 14.—*Industrial production of elementary and secondary schools for 1925–26 (excluding agricultural production)*

Courses	Pupils enrolled	Estimated value
Embroidery and lace making	109,735	₱178,264.33
Basketry	97,528	139,517.41
Municipal shop	15,231	111,377.11
Provincial trade school	3,788	221,979.51
Provincial shop	1,152	20,179.35
Miscellaneous	239,905	747,845.02
Total	467,339	1,419,162.73

TABLE 15.—*School and home gardens and nurseries for the school year 1925–26*

School and home gardens and nurseries, 1925–26	Primary	Intermediate	Secondary	Total
Number of schools with gardens	5,092	901		5,993
Number of pupils with home gardens	132,921	30,497		163,418
Estimated area of school and home gardens				3,533
Estimated market value of products raised in school and home gardens				₱748,566.01
Number of schools with nurseries	2,347	568	17	2,932
Number of trees in nurseries at end of the year				470,345

In 1926 there were club projects and club productions, as follows:

Number of boys' and girls' agricultural clubs	2,126
Number of club members (total)	34,981
Gardens	8,225
Hogs	2,280
Poultry	15,296
Fruits	2,847
Corn	606
Cooking	5,727
Number of hogs owned by members	4,623
Poultry owned by members	282,069
Total value of products from projects	₱374,009.01

SECONDARY SCHOOLS

TABLE 16.—*Comparative enrollment and percentage of increase in general and vocational courses*

Courses	March monthly enrollment					Percentage of increase	
	1921–22	1922–23	1923–24	1924–25	1925–26	1925–26 over 1921–22	1925–26 over 1924–25
General	16,680	22,250	27,591	33,311	35,861	115	8
Agricultural	844	1,185	1,463	1,764	2,074	146	18
Trade	558	772	887	1,014	1,217	118	20
Domestic science	804	1,249	1,686	2,303	2,319	188	1
Normal	2,653	3,825	4,958	5,994	6,066	129	1
Commercial	403	280	407	536	502	25	−6
Nautical	59	53	43	41	27	−54	−34
Surveying	59	60	46	46			
Total	22,060	29,674	37,091	45,009	48,066	118	7

In September, 1926, there were 107 different schools which offered complete and incomplete courses as follows:

Offering complete 4-year courses	68
Offering 3-year courses	12
Offering 2-year courses	19
Offering one-year course	8

In these schools a variety of combinations of courses were being offered as indicated below:

Offering the general course	57
Offering the agricultural course only	19
Offering the trade course only	18
Offering the normal course only	9
Offering the nautical course only	1
Offering the commercial course only	1
Offering the domestic-science course only	1
Offering the general and normal courses	8
Offering the general and domestic-science courses	1
Offering the general and commercial courses	2
Offering the domestic-science and trade courses	1
Offering the general, normal, and domestic-science courses	4
Offering the domestic-science and agricultural courses	2
Offering the general, normal, and commercial courses	1
Offering the domestic-science and normal courses	1

TABLE 17.—*Secondary pupils withdrawing during the school year 1925–26*

Year	March annual enrollment	March monthly enrollment	Pupils withdrawing	Percentage of pupils withdrawing
First	24,137	20,157	3,980	16.49
Second	15,086	13,351	1,735	11.50
Third	9,902	8,913	989	9.99
Fourth	6,031	5,712	319	5.29
Total	55,156	48,133	7,023	12.73

TABLE 18.—*Promotion of secondary pupils*

School year	Pupils promoted	March monthly enrollment	Percentage promoted based on March monthly enrollment
1921–22	16,273	22,060	74
1922–23	21,862	29,676	74
1923–24	28,552	37,091	77
1924–25	33,490	45,009	74
1925–26	39,655	48,133	82

TABLE 19.—*Promotions of secondary pupils, 1925–26, by academic years*

Academic year	March monthly enrollment	Promotions	Percentage of promotion based on March monthly enrollment
First year	21,157	16,053	75.88
Second year	13,351	10,843	81.21
Third year	8,913	7,472	83.83
Fourth year	5,712	5,287	94.31
Total	48,133	39,655	82.39

TABLE 20.—*Schools of agriculture*

Types of school	Total number, March, 1926	Annual enrollment, March, 1926	Area (hectares)		Animals	Value of school products (pesos)
			Cultivated	Total		
Agricultural	14	3,143	1,104	4,970	12,561	253,211.39
Farm	13	3,274	211	428	6,036	76,151.06
Settlement	244	14,783	901	5,231	4,093	113,130.67
Total	271	21,200	2,216	10,629	22,690	442,493.12

TABLE 21.—*Enrollment in normal schools and normal courses for the school year 1926–27*

School	Monthly enrollment, September, 1926				
	Academic course	Home economics course	Supervising teachers' and principals' course	Provincial and secondary normal course	Total enrollment
Philippine Normal School	1,084	197	1		1,282
Eight provincial normal schools				3,634	3,634
Nine secondary normal courses				2,126	2,126
Total	1,084	197	1	5,760	7,042

TABLE 22.—*Enrollment in the school for the deaf and the blind*

Year	Boys	Girls	Total
1923	56	30	86
1924	64	28	92
1925	72	31	103
1926	77	43	120

FINANCE

TABLE 23.—*Total insular, provincial, and municipal governmental expenditures and expenditures for school purposes from January 1 to December 31, 1925*

Government	Total expenditures	Expenditures for school purposes	Percentage which school expenditures were of the total expenditures
Insular	₱68,875,698.73	₱15,322,761.65	22.25
Provincial	28,903,128.96	3,071,864.55	[1] 10.62
Municipal	19,566,052.23	5,753,859.29	29.41
Total	117,344,879.92	24,148,485.49	20.58

[1] Excluding the cities of Manila and Baguio, the percentage would be reduced to 6.41 per cent.

TABLE 24.—*Classification of school expenditures for 1925 and percentage of the total school expenditures borne by the insular, provincial, and municipal governments*

Expenditures	Insular	Provincial	Municipal	Total
Aid to Provinces and municipalities	₱9,373,269.00			₱9,373,269.00
Salaries	3,829,980.78	₱1,783,753.97	₱2,574,096.92	8,187,831.67
Outlay	71,540.18	299,679.48	1,508,699.67	1,879,919.33
Other expenses	2,047,971.69	988,431.10	1,671,062.70	4,707,465.49
Total	15,322,761.65	3,071,864.55	5,753,859.29	24,148,485.49
Percentage of total expenditures for school purposes	63.45	12.72	23.83	100.00

Aid to Provinces, ₱118,500; aid to municipalities, ₱9,264,759.

TABLE 25.—*Comparative increase or decrease of insular, provincial, and municipal school expenditures for 1924 and 1925*

Government	Expenditures 1924	Expenditures 1925	Per cent of increase (+) or decrease (−)
Insular	₱15,307,445.76	₱15,322,761.65	+0.10
Provincial	2,909,016.32	3,071,864.55	+5.60
Municipal	6,313,078.47	5,753,859.29	−8.86
Total	24,529,540.55	24,148,485.49	−1.55

TABLE 26.—*Voluntary contributions for the school year 1925–26* [1]

Form in which received	Amount	Devoted to—	Amount
Money	₱823,890.53	Buildings and grounds	₱742,310.97
Materials	336,281.24	Athletics	94,166.60
Labor	214,702.12	Salaries	318,131.73
Land	42,211.65	Libraries	117,336.48
Miscellaneous	37,540.30	Miscellaneous	72,890.93
		Balance on hand	109,789.13
Total	1,454,625.84	Total	1,454,625.84

[1] Batanes not included.

TABLE 27.—*Total government public-school expenditures and expenditures per capita and per pupil*

Year	Total expenditure	Per cent of increase (+) or decrease (−)	Expenditure per capita [1]	Expenditure per pupil [2]
1921	₱22,301,718.29		2.08	21.30
1922	22,068,939.58	−1.05	2.02	20.55
1923	22,202,532.49	+.60	2.01	19.97
1924	24,529,540.55	+10.48	2.18	22.07
1925	24,148,485.49	−1.55	2.12	22.75

[1] Based on the latest estimates of the Governor General's office.
[2] Expenditures per pupil are figured on the basis of the annual enrollment for September.

TABLE 28.—*Insular funds for school-building construction, 1926*

Municipal school buildings	₱809,775
Provincial school buildings	305,500
Insular school buildings	279,000
Total	1,394,275

OFFICE OF COMMISSIONER OF PRIVATE EDUCATION
STATISTICAL TABLES

TABLE I (a).—*Schools classified by religious denominations, 1926–27*

NUMBER OF SCHOOLS, COUNTED BY COURSES

Course	Denomination			
	Catholic	Protestant	Non-sectarian	Total
Primary	200	12	23	235
Intermediate	135	13	48	196
Secondary	82	22	105	209
College cultural	13	3	11	27
Technical	7	1	17	25
Miscellaneous courses	4	----------	3	7
Total	441	51	207	699
ENROLLMENT				
Primary grades	33,354	859	2,695	36,908
Intermediate grades	9,747	994	4,834	15,575
Secondary grades	6,004	2,159	20,872	29,035
College cultural courses	245	178	1,184	1,607
Technical schools	1,007	64	3,195	4,266
Miscellaneous	231	----------	379	610
Total	50,588	4,254	33,159	88,001

NOTE.—The classification of schools has been slightly altered for this year. The schools of optics and of nursing have been considered as secondary and, therefore, eliminated from the number of "special schools" (vocational), and the rest classified as miscellaneous. This alteration has been deemed necessary so as to have the figures given in the above tables correspond with similar figures given in other tables.

TABLE I (b).—*Schools classified by religious denominations, 1925–26*

NUMBER OF SCHOOLS COUNTED BY COURSES

Course	Denomination			
	Catholic	Protestant	Non-sectarian	Total
Primary	200	14	36	250
Intermediate	120	17	49	186
Secondary	62	16	91	169
College cultural	20	3	8	31
Technical	4	1	17	22
Special (vocational)	4	5	9	18
Total	410	56	210	676
ENROLLMENT				
Primary	33,796	1,243	3,460	38,499
Intermediate	8,387	1,102	4,218	13,707
High schools	3,910	1,891	17,530	23,331
College cultural	470	80	727	1,277
Technical schools	765	62	3,162	3,989
Special schools (vocational)	164	228	689	1,081
Total	47,492	4,606	29,786	81,884

NOTE.—The total enrollment given in the foregoing is a little less than that shown in the last annual report. A number of the reports on enrollment required of private schools had not been received when the above figures were released.

TABLE II.—*Number of schools, counted by courses*

Course	School year		Increase (+) or decrease (−)
	1925–26	1926–27	
Primary	250	235	−15
Intermediate	186	196	+10
Secondary	[1] 179	209	+30
College cultural	31	27	−4
Technical	22	25	+3
Miscellaneous courses	[2] 8	[3] 7	−1
Total	676	699	+23

[1] Optical and nursing schools considered as secondary.
[2] Appeared as special courses last year.
[3] In the last figures released, of number of schools by courses, that of the miscellaneous courses was not included.

The actual number of schools, counted separately (branch schools considered separate from the main schools), is 339, according to the last figures released. Since then 8 more schools were added, making the total number of separate schools 347.

TABLE III.—*Enrollment*

Course	School year		Increase (+) or decrease (−)
	1925–26	1926–27	
Primary	38,812	36,908	−1,904
Intermediate	13,771	15,575	+1,804
Secondary	[1] 23,801	29,035	+5,234
College cultural	1,393	1,607	+214
Technical	4,130	4,266	+136
Miscellaneous	[2] 619	610	−9
Total	82,526	88,001	+5,475

[1] Optical and nursing schools considered secondary courses, and enrollment thereof last year added to that of high schools.
[2] Appeared as special schools last year.

TABLE IV.—*Number of schools visited*

Once	80
Twice	69
Three times	50
Four times	25
More than four times	81

NOTE.—There are 42 schools not visited during the calendar year 1926.

VITAL STATISTICS

Table showing the various rates for the city of Manila during 1926 as compared with those during previous years

Years	Estimated population	Rates per 1,000 population			Infant mortality per 1,000 births
		Marriages	Births	Deaths	
Average of 5 years ending Dec. 31, 1924	299,754	19.33	44.39	25.77	204.98
1925	312,138	18.17	48.20	23.87	167.02
1926	316,266	18.61	47.08	26.37	165.41

Table showing the various rates for the provinces as expected during 1926 in comparison with those during previous years

	Average of 5 years ending Dec. 31, 1924	Year 1925	Year 1926 [1]
Estimated population:			
Christian alone	9,606,683	10,044,364	10,190,259
Christian and non-Christian	10,600,071	11,089,563	11,252,728
Rates per 1,000 population:			
Marriages—			
Rates based on the Christian population alone	14.66	16.40	16.90
Rates based on the total population, both Christian and non-Christian	13.29	14.85	15.31
Births—			
Rates based on the Christian population alone	37.17	37.09	37.53
Rates based on the total population, both Christian and non-Christian	33.69	33.59	33.98
Deaths [2]—			
Rates based on Christian population alone	20.88	19.69	22.19
Rates based on the total population, both Christian and non-Christian	18.92	17.95	20.21
Infant mortality per 1,000 births	157.46	149.50	156.80

[1] Rates subject to change, since the raw data are not yet complete.
[2] Includes transient residents in Manila.

Communicable diseases as given in data so far submitted

Disease	Cases	Deaths	Remarks
Malaria		20,640	Intensive campaign with the Rockefeller Foundation lowered mortality from 24,326 in 1925. A reimbursable fund of ₱5,000 was created for the purchase of quinine for the barrio people of Mindoro. ₱100,000 was appropriated for the extension of the work this year.
Cholera	334	213	
Tuberculosis		23,888	Respiratory.
		1,731	Other organs.
Measles	6,869	2,446	Some cases were diagnosed as bronchitis, bronchopneumonia, and other respiratory diseases.
Influenza	11,247	5,254	Often due to complication of respiratory organs.
Typhoid	1,983	1,191	Judging from incomplete reports, incidence has largely decreased.
Diphtheria	261	109	Considering the incomplete reports from the Provinces there is likely an increase of incidence in 1926 over 1925.
Beriberi (infants and adults)		506	Manila—tendency to decrease.
		16,483	Total—tendency to increase.
Yaws	14,752		Several Provinces have not reported.
Tropical ulcers	3,241		According to incomplete reports. Campaign was made against the disease.

Disease control measures

Place	Anti-typhoid injection	Anti-cholera injection	Antidysentery vaccination	Anti-smallpox vaccination
Manila	331,379	265,772	3,732	2,273,569
Provinces	604,611	2,475,845		57,841
Total	935,990	2,741,617	3,732	2,331,410

Table showing the number of deaths from malaria in the Philippines

Year	Manila	Provinces [1]	Total
1921	77	28,627	28,704
1922	26	27,160	27,186
1923	29	24,113	24,142
1924	50	26,674	26,724
1925	59	24,267	24,326
1926 [2]	52	20,588	20,640

[1] Includes transient deaths in Manila.
[2] Incomplete.

District nursing activities

Mothers given instructions in the care of children	48,404
Prospective mothers given instructions on what to do	14,716
Normal deliveries	929
Breast-fed babies	28,938
Artificially fed babies	1,619
Sick	9,024
Injured	1,083
Number of lectures	46,720

REMARKS.—In their visits the nurses found 5,725 cases of communicable diseases, pulmonary tuberculosis outnumbering all others. Cases which recovered from dysentery, cholera, and typhoid fever were followed up as a measure of control.

ANNUAL REPORT OF THE SECRETARY OF FINANCE

DEPARTMENT OF FINANCE,
Manila, March 31, 1927.

SIR: I have the honor to submit the following report of this department for the year 1926.

After several years of continuous improvement, the year 1926 had registered a decline in the general economic conditions of the Islands compared with the preceding year. Although early indications pointed toward a prosperous period, the year under review did not end as was expected, for the last quarter had witnessed decreased activity. The decrease was largely due to the lower price of Philippine products, both in domestic market and in foreign trade. But this does not mean that the year 1926 is in reality unsatisfactory, because although business during 1926 did not equal the high level of 1925, it exceeded the average for the preceding five-year period.

With the exception of sugar, practically all the basic agricultural products of the Philippines showed increase in their production. The output of sugar was approximately 25 per cent less than that for 1925. This shortage had to an appreciable degree affected business generally because this product consisted of 24 per cent of all Philippine exports on the basis of value. On the other hand, the production of rice was excellent and the value of last year's crop was estimated at more than ₱200,000,000. On account of this the purchases of foreign rice were reduces by more than ₱3,000,000, and the effects caused by low-sugar production were partly offset so as to bring the year 1925 into normalcy. The production of copra was approximately 30 per cent greater, and the year just ended has been prosperous for the various industries using coconuts as raw material; abaca was slightly greater although the increase was less than originally expected; and tobacco had slightly higher production with improved quality, but due to the reduction of internal-revenue tax in the United States during March, 1926, the sale of Philippine cigars decreased and Spain purchased materially less raw leaf because of price considerations; and labor strikes in many cigar factories also acted as a deterent factor in the improvement of tobacco trade.

The total number of new industrial enterprises as compared with those of 1925 decreased, but the aggregate amount invested during the year 1926 was comparatively more than that of the preceding year. The launching of new industries and the repairs and improvements made to existing establishments caused a big demand for heavy machinery. There was also great activity in the construction of buildings.

While it is true that the total foreign trade dropped as compared with 1925, yet it is greater than any of the returns for the previous years with the exception of 1920. The value of our trade for 1926 reached the considerable amount of ₱512,366,623, as against ₱537,220,077 for 1925, registering a decrease of ₱24,853,454. The imports for 1926 amounted to ₱238,597,984, while the exports totalled ₱273,768,639, thus showing a balance of trade of ₱35,170,655 in favor of the Islands.

As usual, the largest portion of our trade was with the United States, 67 per cent thereof having been with that country followed by Japan, 7.39 per cent; Great Britain, 4.76 per cent; and China, 3.83 per cent.

The lead of the American vessels in the foreign carrying trade of the Islands seems to be permanent according to all indications. During the year 1926 about 47 per cent of the goods brought in and shipped from the islands were transported in American vessels, to the value of ₱243,225,355, the said value being slightly less than that for 1925 which amounted to ₱243,389,070. The British ships ranked second again, having carried goods to the value of ₱149,926,554, as compared with ₱173,351,783 in 1925, or a decrease of ₱23,425,229. On the other hand, Japanese ships stood third as was the case in the preceding year, registering a considerable increase from ₱34.951.889 in 1925 to ₱38,714.178 in 1926. The German boats came next, replacing the

Swedish vessels which occupied the fourth place in 1925. The trade carried by the former is valued at ₱17,342,765, or an increase of 11 per cent over that for 1925, while the latter transported goods valued at ₱7,925,860 only, showing a decrease of 52 per cent compared with the preceding year. Vessels of Norway, Holland, and the Philippines showed increases for 1926, the value of merchandise transported by these vessels being ₱14,190,579, ₱11,925,907. and ₱4,254,231, respectively. The Spanish boats again recorded a decrease from ₱5,396,084 in 1925 to ₱4,775,501 in 1926, while the French ships have been relegated to negligible factor in the islands' trade.

The United States proved again to be the best customer for Philippine products having purchased about 73 per cent of the total exports and Japan, Great Britain, following in the order named. In the order of their importance as to value, the principal local products exported during 1926 were sugar, abaca, coconut oil, copra, tobacco products, embroideries, desiccated coconut, lumber, maguey, and hats. Of these articles, one half showed an increase over similar items in 1925.

Sugar was the largest item of our exportations, constituting 24 per cent thereof. But on account of low production last year, the value of sugar exported was only ₱64,459,268 as compared with ₱91,028,005, or a decrease of 29 per cent. The proceeds from sugar sale abroad as estimated were reduced by more than twenty-six and one-half million pesos as a result of this reduced output and prices that remained almost stationary until the latter half of the year, when the price of this commodity began its upward movement. Almost all the centrifugal sugar was shipped to the United States, while much smaller shipments of muscovado went to China and Japan.

The second largest item of Philippine exports is abaca, the value of the shipments sent abroad during the year being ₱64,284,076, as compared with ₱71,043,392 in 1925, or a decrease of 9 per cent, and represented 23 per cent of our total exports. The quantity of abaca exported had increased but as a result of low prices prevailing during a considerable part of the year, the total value recorded a decrease. One half of our abaca exports went to the United States, 17 per cent to the United Kingdom, 15 per cent to Japan and the balance to other countries.

The value of coconut oil, exported during the year reached ₱44,690,433 as against ₱39,640,377 in 1925, or an increase of 13 per cent. Almost all of our coconut oil exports went to the United States, 98 per cent thereof having been sent to the markets of that country.

Copra exports during the year registered an increase of 17 per cent, from ₱31,737,405 in 1925 to ₱37,173,465 in 1926. The largest portion of copra exports went to the United States, while the rest was distributed among other countries.

A decrease of 9 per cent has been registered in the exportations of tobacco products. The value exported during the year is ₱17,263,163, whereas during the preceding year it amounted to ₱18,904,889. The chief classes of tobacco products are cigars, cigarettes, and leaf tobacco. The largest portion of our cigar exports was sent to the United States, and Spain consumed most of the cigarettes and tobacco leaf.

Exports of embroideries during the year show an increase from ₱9,143,349 in 1925 to ₱11,984,778 in 1926, the increase being 31 per cent. Almost all of the locally manufactured embroideries were exported to the United States, the portion sent to other countries being negligible.

The value of desiccated coconut exported in 1926 was ₱5,515,315, showing an increase of 6 per cent compared with ₱5,217,746 worth of similar exports in 1925, and the United States was practically the only consumer of these products.

The value of lumber, including logs, exported during the year is ₱5,105,621, an increase of 20 per cent over that exported in 1925, which amounted to ₱4,252,759. More than one-half of our lumber sent abroad went to the United States, and the largest portion of the balance went to China, Japan, Australia, and Great Britain. Lumber represented 2 per cent of our exports.

Maguey, like lumber, represented 2 per cent of the total exports of the islands. The value of maguey exported in 1926 amounted to ₱4,766,840, as compared with ₱6,381,792 in 1925, or a decrease of 25 per cent. The leading market of this product was Japan, and Great Britain, the United States, and Belgium following in the order named.

A reduction of 34 per cent was registered in the exports of hats, which constituted 1 per cent of the total exports. The slump is believed to be due to an overstocked market in the United States and the competition of hats from European countries.

Although the importations of the islands during 1926 were slightly less than during 1925, they were larger than any of the importations for the previous years, with the exception of 1920, the banner year in the annals of Philippine trade. From the United States alone articles amounting to ₱143,151,236, or 60 per cent of the total imports, entered the islands. This amount was ₱4,556,070 more than that recorded for 1925. Japan, China, and Great Britain came next to the United States in the order named. Of the countries that shipped their goods to the Philippines only the United States and Japan showed notable increases. Most of the others recorded reductions. In the order of their importance as to value, the principal imports of the year were cotton and its manufactures, iron and steel and their manufactures, mineral oils, meat and dairy products, automobiles and accessories, wheat flour, rice, silk and its manufactures, paper and its manufactures, and coal. The respective values of these articles as imported in 1926, except rice, wheat flour, and iron and steel and their products, were more than those of the previous year. But the decrease in rice imports alone was more than four times the reduction registered by the total imports of the country.

One feature of our foreign trade which deserves attention is the increase in the importation of luxuries. As compared with the preceding year, the purchases of automotive products, silk goods, fancy groceries, tobacco products, etc., in 1926 were considerably greater.

In spite of the "general business" decline, the Philippines maintained its stable financial condition during 1926. The slump in the volume of trade did not affect appreciably the finances of the country. This is largely due to the sound financial system, which has been established on a firm basis.

As to insurance business, six new companies entered the field of insurance here and only one withdrew from the business, so that the number of insurance companies doing business in this country had increased to 70. Of these, 6 were domestic, 21 American, and 43 foreign. The net risks written by all classes of insurance companies, except life, amounted to ₱716,013,654 in 1926 as compared with ₱712,820,789 in 1925.

The financial condition of all banks and trust companies during 1926 as compared with that of the preceding year shows the following decreases: ₱17,949,725.88 in total resources, ₱7,529,307.23 in loans and discounts, including overdrafts, ₱12,561,816.42 in volume of deposits, and ₱6,458,702.63 in cash on hand. There was also registered a decrease of ₱3,651,801.20 in bank notes, corresponding to the circulating notes of the Philippine National Bank under the provisions of Act No. 3174. The big decrease in the total resources and liabilities was due mainly to the loans and discounts, including overdrafts written off by the Philippine National Bank, in compliance with the rehabilitation act.

The People's Bank and Trust Co. started to do business during the latter part of 1926 with an authorized capital of ₱1,000,000, of which ₱302,250 was paid up. The agency of the Philippine National Bank at Bacolod, Negros Occidental, on account of its active business, was converted into a branch.

The currency circulation of the islands on December 31, 1926, was ₱123,645,269.025, or a reduction of ₱8,556,330.760 as compared with that of the same date of the preceding year, when the circulation was ₱132,201,572.785.

The gold standard fund, which, according to Act. No. 3058, shall be maintained in a sum not less than 15 per cent of the money of the government of the Philippine Islands in circulation and available therefor, was maintained throughout the year over the minimum limit, and the excess on December 31, 1926, amounted to ₱5,149,676.57. No change was made on the government exchange rates between Manila and New York, which are one-half of 1 per cent for demand drafts and seven-eighths of 1 per cent for telegraphic transfers.

The balance of the treasury certificate fund at the end of 1926 was ₱84,788.252. This amount represented 100 per cent of all treasury certificates in circulation and available for circulation.

The following tables show the income, expenditures, and current surplus of the insular government for 1926 as compared with 1925, segregated by fund, viz. general fund, special fund, and bond fund.

GENERAL FUND—COMPARATIVE BUDGET STATEMENT

Items	Fiscal year 1926	Fiscal year 1925
Income:		
Revenue from taxation—		
Import duties	₱17,055,547.78	₱18,153,985.31
Excise tax	15,177,476.95	16,902,206.26
License and business tax	21,526,594.25	21,062,788.27
Wharfage tax	2,053,308.53	2,162,074.55
Franchise tax	154,247.95	151,107.42
Documentary stamp tax (internal revenue)	684,150.95	633,957.46
Documentary stamp tax (customs revenue)	601,257.39	568,438.06
Income tax	3,887,567.52	3,282,642.86
Immigration tax	339,824.00	231,196.00
Tonnage dues	373,788.36	354,489.52
Inheritence tax	480,475.50	294,767.92
Other	8,381.64	
Apportionment of internal revenue to local governments	(3,164,083.55)	(3,164,083.55)
	59,178,537.27	60,633,570.08
Incidental revenue—		
Revenue from public forest	1,269,125.05	1,122,489.97
United States internal revenue	1,049,724.97	1,754,054.10
Fines and forfeitures	737,316.26	637,046.625
Sales of public domain	29,866.47	38,013.71
Other	48,238.50	45,561.65
	3,134,271.25	3,597,166.055
Earnings and other credits—		
Operating income of commercial and industrial units	8,473,638.74	8,463,699.86
Other income of operating units	105,319.24	109,580.79
Income incidental to functional activities	3,519,235.03	3,328,721.72
Interest on bank deposits	801,107.35	2,019,306.00
Sales of fixed property	35,332.64	47,165.48
Surplus transferred from Friar lands estate division	802,188.84	829,150.87
Sales of mortgaged property and collection of agricultural bank loans	17,749.61	25,671.37
Interest repayments, railway companies	845,521.85	494,935.71
Collection of loans to local governments	621,995.56	149,900.00
Surplus transferred from bond fund		4,492,953.00
Surplus transferred from San Lazaro estate division	129,322.97	130,460.50
	15,351,411.83	20,091,545.30
Credit adjustments, prior year—		
Repayments to prior year's expense	708,235.23	40,427.67
Inventory adjustments (sales stock and supplies and materials)	28,361.51	14,425.09
Expired money orders (sec. 1973, Administrative Code)	12,546.42	12,461.40
	749,143.16	67,314.16
Total income	78,413,363.51	84,389,595.595
Expenditures:		
Revenue service—		
Expense of revenue collection	1,723,076.92	1,644,375.09
Operating expense of commercial and industrial units	6,757,677.07	6,935,216.56
	8,480,753.99	8,579,591.65
Debt service—		
Interest and exchange on public debt	6,973,550.56	6,778,926.96
Payments to sinking funds	3,023,819.18	3,191,942.67
Repayment of insular loans	440,800.00	900,100.00
	10,438,169.74	10,870,969.63
General welfare service—		
Legislation	1,663,285.01	1,572,941.15
Executive direction and control	1,678,227.61	1,623,320.77
Adjudication	2,505,001.10	2,483,304.42
Law and order	5,057,947.05	4,879,503.13
Public health	4,482,923.93	4,284,849.45
Protection against force majeure	222,132.66	209,982.69
Regulation of public utilities	95,572.48	91,537.90
Other protective service	80,440.17	77,401.59
Public education	8,367,029.34	8,045,362.71
Public correction	910,504.92	921,527.24
Public charities	666,342.24	566,998.14
Conservation of natural resources	618,836.51	575,051.06
Development of commerce	2,838,369.15	2,959,745.83
Development of agriculture	3,207,592.32	3,397,571.93
Philippine publicity	48,441.34	93,214.62
Development of industrial arts and sciences	515,704.85	472,125.57
Other economic development	374,617.59	177,493.97
Aid to local governments	14,355,596.66	13,289,133.60
	47,688,564.93	45,721,065.77

GENERAL FUND—COMPARATIVE BUDGET STATEMENT—Continued

Items	Fiscal year 1926	Fiscal year 1925
Expenditures—Continued.		
Outlays and investments—		
Purchase and construction of public works	₱1,474,604.87	₱1,199,781.53
Purchase and construction of equipment	555,935.87	539,832.70
Purchase of National Development Co. stock	87,500.00	162,500.00
Advances to railway companies under guaranty contract	689,665.60	693,650.35
Acquisition of sinking fund investments, section 4, Act No. 3227	5,755,191.68	
Purchase of private shares of Philippine National Bank stock	223,100.00	2,307,380.00
	8,785,998.02	4,903,144.58
Extraordinary charges—		
Retirement gratuities, Act No. 2589	184,640.79	161,638.27
Pensions, Act No. 2922	12,000.00	12,000.00
Deficiency contribution, gold standard fund		255,815.66
Expenses of issue and sales of bonds	135.06	283.87
Creation of loan fund, Act No. 3335	3,500,000.00	
Contingent losses for the rehabilitation of the Philippine National Bank	11,811,380.11	4,560,673.00
	15,508,155.96	4,990,410.80
Debit adjustment, prior year—		
Accounts receivable written off	6,486.19	16,918.45
Losses from revaluation of stock inventory	40,474.39	105,235.59
	46,960.58	122,154.04
Total expenditures	90,948,603.22	75,187,336.47
Increase (decrease) in surplus during the year:		
Surplus from current year's revenues	6,656,106.20	12,625,813.565
Surplus from previous years' revenues	(7,156,865,80)	[1] 1,194,840.36
Surplus from bond fund	(12,034,480.11)	(4,618,394.80)
	(12,535,239.71)	9,202,259.125
Add—Surplus Jan. 1:		
Surplus from revenues	26,122,362.54	12,301,708.615
Surplus from bond fund	18,622,596.56	23,240,991.36
	44,744,959.10	35,542,699.975
Surplus Dec. 31:		
Surplus from revenues	25,621,602.94	26,122,362.54
Surplus from bond fund	6,588,116.45	18,622,596.56
	32,209,719.39	44,744,959.10

[1] Includes surplus adjustment of ₱1,987,479.14 due to deficiency contribution to the gold-standard fund inadvertently charged to "Surplus from revenues" in 1923.

SPECIAL FUND—COMPARATIVE STATEMENT OF RECEIPTS AND EXPENDITURES

Items	Fiscal year 1926	Fiscal year 1925
Income:		
Revenue from taxation—		
Excise tax	₱1,834,727.78	
Apportionment of highways special fund	(1,834,727.78)	
License and business tax	975,829.75	₱782,662.81
Apportionment of motor-vehicle fund, Act No. 3045	(922,495.93)	(675,000.00)
	53,333.82	107,662.81
Earnings and other credits—		
Fines and forfeitures	21,797.18	42,069.67
Sales of supplies and materials	8,203.60	7,447.43
Income from rentals	4,091.13	5,593.73
Interest on deferred payments and on investments and securities	241,410.40	255,358.14
Service income	334,508.48	569,979.09
Sales of fixed property	17,683.69	22,084.72
Sales of San Lazaro real estate	79,486.26	128,248.91
Prior year adjustments	23,007.71	31,439.93
Production earnings		379.75
Inspection of tobacco	158,939.00	157,675.84
Land-title fees	26,803.57	31,085.25
Premium on property insurance	88,760.55	98,951.90
Premium on surety bonds	56,785.49	61,511.09
Voluntary contributions from the public	40,055.12	2,300.00
Inventory adjustments	1,235.87	
Incidental receipts	47,461.57	23,840.64
	1,150,229.62	1,438,966.09
Total income	1,203,563.44	1,546,628.90
Appropriations from the general fund—		
University of the Philippines	1,900,000.00	1,580,165.84
Property insurance fund	50,000.00	50,000.00
Fidelity insurance fund	68,798.34	
Cadastral survey fund (restoration of reverted income)	178,033.61	174,662.69
Creation of loan fund	3,500,000.00	
Bohol Agricultural Colony		1,000.00
Total appropriations	5,696,831.95	1,805,828.53
Total receipts	6,900,395.39	3,352,457.43
Expenditures:		
Salaries	1,435,409.10	1,332,701.44
Wages	383,893.55	335,661.64
Travel expense of personnel	61,824.84	86,644.40
Freight, express, and delivery service	29,543.04	42,341.59
Postal, telephone, telegraph, and cable service	19,452.34	16,035.31
Illumination and power service	16,752.67	17,719.71
Miscellaneous service	69,278.70	132,529.28
Rental of buildings and grounds	16,235.08	16,137.12
Consumption of supplies and materials	294,514.65	303,204.44
Printing and binding reports, documents, and publications	15,928.89	12,572.17
Cash contributions and gratuities (other than to local governments)	80,119.92	55,716.21
Discretionary expenditures	364.86	304.85
Travel expense of persons not government employees	817.19	1,024.70
Maintenance and repair (contract payments only)	11,685.41	15,652.75
Purchase of equipment	144,910.04	112,397.01
Purchase of public works	79,897.15	25,453.42
Extraordinary losses	1,085.08	12,651.40
Property insurance losses	55,996.22	15,691.00
Land-title assurance losses	31,563.60	
Shortages and losses paid	127,407.04	57,491.69
Deterioration of supplies and sales stock	988.34	1,977.86
Engineering construction (contract payments only)	8,677.03	22,213.36
Losses—Uncollectible debts	15.00	
Apportionment of motor-vehicle fund surplus	77,504.07	
Total expenditures	2,963,863.81	2,616,121.35
Increase in surplus during the year	3,936,531.58	736,336.08
Add:—		
Surplus Jan. 1	5,845,126.89	5,108,790.81
Surplus Dec. 31	9,781,658.47	5,845,126.89

BOND FUND—COMPARATIVE STATEMENT OF INCOME AND EXPENDITURES

Items	Fiscal year 1926	Fiscal year 1925
Balance, Jan. 1:		
Financial interests protection Act No. 2999—		
National-bank circulation reserve, Act No. 3174	₱6,164,379.58	₱8,084,040.00
Balance (unassigned)	3,991,620.42	2,071,960.00
Manila port works, Act No. 2908—		
Unreleased appropriation	4,323,772.16	7,087,130.16
Released appropriation	300,777.82	(588,948.37)
Irrigation systems, Act No. 2940—		
Unreleased appropriation	8,354,207.95	9,202,206.18
Released appropriation	4,602,335.20	6,079,057.44
Sundry purposes, Act No. 3013 (unappropriated)		4,365.00
	27,737,093.13	31,939,810.41
Income:		
Proceeds of bonds, Act No. 3013		4,488,588.00
Proceeds of bonds, Act No. 3204		2,567,047.50
Proceeds of collateral bonds	4,184,926.70	
Repayment of advances, Acts Nos. 3112 and 2940	440,800.00	881,600.00
Adjustment of 1924 expenses, Act No. 2940		6,000.00
Transfers—		
Financial interests protection, Act No. 2999—		
National-bank circulation reserve, Act No. 3174	(1,410,176.70)	(1,919,660.42)
Balance (unassigned)	1,410,176.70	1,919,660.42
Manila port works, Act No. 2908—		
Released appropriation	2,500,000.00	2,763,358.00
Unreleased appropriation	(2,500,000.00)	(2,763,358.00)
Irrigation system, Act No. 2940—		
Released appropriation	500,000.00	1,729,595.00
Unreleased appropriation	(500,000.00)	(1,729,595.00)
	4,625,726.70	7,943,235.50
Total opening balance and income	32,362,819.83	39,883,045.91
Expenditures:		
Construction and equipment of piers and other port works, Act No. 2908	2,076,984.22	1,873,631.81
Construction of irrigation systems, Act No. 2940	2,372,864.18	2,424,972.86
Advances for completion of legislative building, Act No. 3112	1,224,031.61	787,347.61
Purchase of metropolitan water district bonds, Act No. 3204		2,567,047.50
Purchase of provincial and municipal bonds	4,184,926.70	
Transfers to the general fund, Act No. 3013		4,492,953.00
	9,858,806.71	12,145,952.78
Balance, Dec. 31:		
Financial interests protection, Act No. 2999—		
National-bank circulation reserve, Act No. 3174	4,754,202.88	6,164,379.58
Balance (unassigned)	5,401,797.12	3,991,620.42
Manila port works, Act No. 2908—		
Unreleased appropriation	1,823,772.16	4,323,772.16
Released appropriation	723,793.60	300,777.82
Irrigation systems, Act No. 2940—		
Unreleased appropriation	8,295,007.95	8,354,207.95
Released appropriation	1,505,439.41	4,602,335.20
Sundry purposes, Act No. 3013 (unappropriated)		
	22,504,013.12	27,737,093.13

It is shown in the general-fund table that the total income for 1926 was ₱78,413,363.51, while that for 1925 was ₱84,389,595.59. Deducting, however, from the latter sum the special item of "Surplus transferred from bond fund," amounting to ₱4,492,953, the regular income for 1925 will be ₱79,896,642.59. If a comparison is made it will be noted that there was a decrease of ₱1,483.279.08 in the income for 1926. While this decrease is the result of the augmentations and reductions undergone by several items of the income, the main factors contributing to said decrease is the reduction of import duties due to decrease in the importation of rice and the reduction of excise tax caused by crediting all taxes collected from naphtha, gasoline, and lubricating oil to a special fund for the maintenance, reconstruction, and improvement of roads and bridges under the provisions of Act No. 3248.

Deducting from the expenditures the extraordinary items consisting of "acquisition of sinking-fund investments, section 4, Act No. 3227." "Purchase of private shares of Philippine National Bank stock," "Deficiency contribu-

tion, gold-standard fund," "Creation of loan fund, Act No. 3335," and "Contingent losses for the rehabilitation of the Philippine National Bank," totaling ₱21,289,671.79 for 1926 and ₱7,123,868.66 for 1925, the regular expenditures for 1926 will be ₱69,658,931.43 and during 1925, ₱68,063,467.81. The increase of ₱1,595,463.62 is mainly due to larger amounts expended for public improvements, education, relief of public calamity, etc.

The surplus of general fund as shown in the foregoing statement on December 31, 1926, was ₱32,209,719.39. Deducting from this surplus the amount of ₱19,627,240.09, which is the total of the items consisting of "Balance of outstanding appropriations," ₱3,822,518.55; "Net continuing assets," ₱9,763,840.60; and "Advance to money-order fund," ₱6,040,880.87, the unappropriated cash surplus will be ₱12,582,479.30.

The special-fund table consists of continuing appropriations or funds whose unexpended balances do not revert to the general fund at the end of the year but remain available until exhausted. The surplus of the special fund on December 31, 1926, was ₱9,781,658.47 as against ₱5,845,126.89 on December 31, 1925.

The bonds issued by the Philippine government up to December 31, 1926, amounted to ₱174,058,000. Deducting from this sum collateral bonds issued against provincial and municipal bonds of ₱9,769,000 which are secured by bonds in the same amount issued by provincial and municipal governments and held by the insular government, the net bonded indebtedness of the Philippine government on December 31, 1926, will be ₱164,289,000. Of this amount ₱146,100,000 are obligations of the insular government and the balance of ₱18,189,000 are bonds issued by the provincial and municipal governments.

Under the Jones Act the debt limit of the insular government is an amount equal to 10 per cent of the assessed value of the taxable property of the country, excluding the bonds issued for the purchase of the Friar-land estates, amounting to ₱14,000,000. The last assessed valuation of the taxable property of the islands is ₱1,612,984,270.69.

During 1926 provincial and municipal collateral bonds in the face value of ₱4,269,000 were sold under the authority of Acts Nos. 3222, 3228, 3229, 3266, and 3268.

The interest paid for insular bonds, including the city of Manila collateral bonds, amounted to ₱6,973,550.56 as compared with ₱6,821,671.09 paid in 1925. In both these amounts the exchange premium at the rate of seven-eighths of 1 per cent is included.

The balance of the bond fund, as shown by the bond-fund table, was ₱22,504,013.12 on December 31, 1926. As compared with the balance of the same date during the preceding year, there was a decrease of ₱5,233,080.01.

To redeem the bonds issued, sinking funds are set aside according to law. On December 31, 1926, the total amount of sinking funds thus set aside for insular bonds was ₱28,366,652.49 and that for the provincial and municipal bonds was ₱5,311,667.26.

The government activities in business enterprises involve a large amount of money to warrant general consideration in this report.

As in the previous year, the National Development Co. limited its business in attending the National Coal Co., the Cebu Portland Cement Co., and the Sabani estate. The total paid-up capital of the National Development Co. on December 31, 1926, was ₱5,735,700. Comparing this amount with that of the same date in 1925, there was an increase of ₱87,500, representing the new shares of stock of the National Development Co. which were purchased by the insular government to supply the company with funds for an additional loan of ₱80,000 to the National Coal Co. and for payment of land taxes and other administrative expenses of the National Development Co.

The total of the loans granted by the National Development Co. to the National Coal Co. up to December 31, 1926, amounted to ₱2,380,000, including the loan of ₱80,000 granted during 1926. The business of the National Coal Co. is still far from being encouraging.

The investment of the National Development Co. in the Cebu Portland Cement Co. amounted to ₱2,870,000 on December 31, 1926. According to the report of the president of the Cebu Portland Cement Co., a net profit of ₱197,380.47 was obtained by the company during the year 1926.

The expenses of the Sabani estate during 1926 were ₱8,181.06, while its income, including the value of the rice received as payment for the rentals, is estimated at ₱13,000. As stated in the last year's report, the attempt made to

sell this estate did not succeed, so it was decided by the board of directors of the National Development Co. to lease it. At the present writing there is under way a contract of lease of the estate.

According to the report of the auditor of the Philippine National Bank, the net profit obtained by the bank during the year under review was ₱1,877,118.17.

Another year of success had been experienced by the Manila Railroad Co. during 1926. The company was able to pay the government the sum of ₱598,508.88 as a partial refund of the funds advanced to pay the interests of the bonds of the company guaranteed by the government.

A summary of the activities of the four bureaus under the jurisdiction of this department is given below for more detailed information.

BUREAU OF THE TREASURY

The following statement shows the movement of funds in the insular treasury during the fiscal year 1926 as compared with the preceding year:

General treasury cash account

	1926	1925	Increase (+) or decrease (−)	Balance Dec. 31 1926
General fund:				
Balances—Jan. 1	₱23,007,224.695	₱8,735,467.025	+₱14,271,757.67	
Receipts—				
Bank clearances	273,890,558.42	271,736,076.085	+2,154,482.335	
Exchanges	47,087,202.50	37,612,237.66	+9,474,964.84	
Transfers	55,219,324.79	44,121,165.17	+11,098,159.62	
Deposits	153,229,338.57	163,796,300.64	−10,566,962.07	
Total	552,433,648.975	526,001,246.58	+26,432,402.395	
Withdrawals—				
Bank clearances	273,890,558.42	271,736,076.085	+2,154,482.335	
Exchanges	47,087,202.50	37,612,237.66	+9,474,964.84	
Transfers	88,768,801.235	41,066,501.85	+47,702,299.385	
Disbursements	120,241,208.10	152,579,206.29	−32,337,998.19	
Total	529,987,770.255	502,994,021.885	+26,993,748.37	
Balances—Dec. 31	22,445,878.72	23,007,224.695	−561,345.975	₱22,445,878.72
	552,433,648.975	526,001,246.58	+26,432,402.395	
Sinking funds:				
Balances—Jar. 1	1,019,192.70	2,355,276.56	−1,336,083.86	
Receipts—				
Exchanges	2,008,295.56	2,164,741.46	−156,445.90	
Transfers	25,836,892.24	15,005,627.42	+10,831,264.82	
Deposits	1,521,907.23	1,935,510.12	−413,602.89	
Total	30,386,287.73	21,461,155.56	+8,925,132.17	
Withdrawals—				
Exchanges	2,008,295.56	2,164,741.46	−156,445.90	
Transfers	20,584,282.18	16,329,647.75	+4,254,634.43	
Disbursements	2,033,774.90	1,947,573.65	+86,201.25	
Total	24,626,352.64	20,441,962.86	+4,184,389.78	
Balances—Dec. 31	5,759,935.09	1,019,192.70	+4,740,742.39	5,759,935.09
	30,386,287.73	21,461,155.56	+8,925,132.17	
Bonds fund:				
Balances—Jan. 1	31,536,307.15	34,552,067.93	−3,015,760.78	
Receipts—				
Exchanges	2,444,274.96	2,053,638.00	+390,636.96	
Transfers	26,345,992.55	16,669,135.55	+9,676,857.00	
Deposits	662,360.90	2,567,047.50	−1,904,686.60	
Total	60,988,935.56	55,841,888.98	+5,147,046.58	
Withdrawals—				
Exchanges	2,444,274.96	2,053,638.00	+390,636.96	
Transfers	22,382,626.75	15,791,892.11	+6,590,734.64	
Disbursements	10,776,782.29	6,460,051.72	+4,316,730.57	
Total	35,603,684.00	24,305,581.83	+11,298,102.17	
Balances—Dec. 31	25,385,251.56	31,536,307.15	−6,151,055.59	25,385,251.56
	60,988,935.56	55,841,888.98	+5,147,046.58	

General treasury cash account—Continued

	1926	1925	Increase (+) or decrease (−)	Balance Dec. 31, 1926
Special funds:				
Balances—Jan. 1	₱2,351,534.28	₱2,146,414.46	+₱205,119.82	
Receipts—				
Transfers	5,751,331.69	854,592.52	+4,896,739.17	
Deposits	5,335,658.99	3,507,074.89	+1,828,584.10	
Total	13,438,524.96	6,508,081.87	+6,930,443.09	
Withdrawals—				
Transfers	1,003,139.86	8,790.35	+994,349.51	
Disbursements	4,393,175.58	4,147,757.24	+245,418.34	
Total	5,396,315.44	4,156,547.59	+1,239,767.85	
Balances—Dec. 31	8,042,209.52	2,351,534.28	+5,690,675.24	₱8,042,209.52
	13,438,524.96	6,508,081.87	+6,930,443.09	
Fiduciary funds:				
Balances—Jan. 1	6,684,716.155	6,418,664.825	+266,051.33	
Receipts—				
Exchanges	6,092.49	89.06	+6,003.43	
Transfers	2,959,929.745	3,208,032.59	−248,102.845	
Deposits	30,088,353.35	31,070,135.28	−981,781.93	
Total	39,739,091.74	40,696,921.755	−957,830.015	
Withdrawals—				
Exchanges	6,092.49	89.06	+6,003.43	
Transfers	296,648.12	592,446.91	−295,798.79	
Disbursements	32,684,022.38	33,419,669.63	−735,647.25	
Total	32,986,762.99	34,012,205.60	−1,025,442.61	
Balances—Dec. 31	6,752,328.75	6,684,716.155	+67,612.595	6,752,328.75
	39,739,091.74	40,696,921.755	−957,830.015	
Depository fund:				
Balances—Jan. 1	(592,612.15)	3,206,128.53	−3,798,740.68	
Receipts—				
Exchanges	12,553.61	2,003,171.06	−1,990,617.45	
Transfers	26,007,147.93	10,000,000.00	+16,007,147.93	
Deposits	104,752,480.27	99,385,596.32	+5,366,883.95	
Total	130,179,569.66	114,594,895.91	+15,584,673.75	
Withdrawals—				
Exchanges	12,553.61	2,003,171.06	−1,990,617.45	
Transfers	9,085,120.80	16,069,336.15	−6,984,215.35	
Disbursements	124,119,184.16	97,115,000.85	+27,004,183.31	
Total	133,216,858.57	115,187,508.06	+18,029,350.51	
Balances—Dec. 31	(3,037,288.91)	(592,612.15)	(2,444,676.76)	(3,037,288.91)
	130,179,569.66	114,594,895.91	+15,584,673.75	
Gold-standard fund:				
Balances—Jan. 1	18,035,236.00	15,224,730.15	+2,810,505.85	
Receipts—				
Exchanges	36,572,497.98	39,977,132.84	−3,404,634.86	
Transfers	30,048,260.58	15,820,273.87	+14,227,986.71	
Deposits	3,222,316.94	6,890,295.57	−3,667,978.63	
Total	87,878,311.50	77,912,432.43	+9,965,879.07	
Withdrawals—				
Exchanges	36,572,497.98	39,977,132.84	−3,404,634.86	
Transfers	30,048,260.58	15,820,212.00	+14,228,048.58	
Disbursements	160,982.38	4,079,851.59	−3,918,869.21	
Total	66,781,740.94	59,877,196.43	+6,904,544.51	
Balances—Dec. 31	21,096,570.56	18,035,236.00	+3,061,334.56	21,096,570.56
	87,878,311.50	77,912,432.43	+9,965,879.07	

General treasury cash account—Continued

	1926	1925	Increase (+) or decrease (−)	Balance Dec. 31, 1926
Treasury certificate fund:				
Balances—Jan. 1	₱94, 595, 383. 00	₱76, 442, 325. 00	+₱18, 153, 058. 00	
Receipts—				
Exchanges		10, 053, 638. 00	−10, 053, 638. 00	
Transfers	31, 700, 000. 00	24, 877, 340. 00	+6, 822, 660. 00	
Treasury certificate issued	33, 381, 202. 00	41, 996, 075. 00	−8, 614, 873. 00	
Total	159, 676, 585. 00	153, 369, 378. 00	+6, 307, 207. 00	
Withdrawals—				
Exchanges		10, 053, 638. 00	−10, 053, 638. 00	
Transfers	31, 700, 000. 00	24, 877, 340. 00	+6, 822, 660. 00	
Treasury certificates retired	43, 188, 333. 00	23, 843, 017. 00	+19, 345, 316. 00	
Total	74, 888, 333. 00	58, 773, 995. 00	+16, 114, 338. 00	
Balances—Dec. 31	84, 788, 252. 00	94, 595, 383. 00	−9, 807, 131. 00	₱84, 788, 252. 00
	159, 676, 585. 00	153, 369, 378. 00	+6, 307, 207. 00	
Grand total				171, 233, 137. 29

Distribution of cash balances

Name of funds	Cash in treasury vaults		Bank credits		Total (expressed in Philippine currency)
	United States currency	Philippine currency	United States currency	Philippine currency	
General fund		₱5,153,572.715	$8, 512, 753. 00	₱266, 800. 005	₱22, 445, 878. 72
Gold-standard fund	$1,815,314.57	2,773,437.04	7, 346, 252. 19		21, 096, 570. 56
Treasury certificate fund	1, 850, 000. 00	15,713,145.00	32, 687, 553. 50		84, 788, 252. 00
Depository funds:					
Antituberculosis Society fund		43, 854. 56			43, 854. 56
Austin memorial fund		24. 58			24. 58
Coast and Geodetic Survey disbursing officers		4, 680. 77			4, 680. 77
Fourth of July celebration fund		1, 092. 91		4, 678. 99	5, 771. 90
Insular disbursing officers		752, 197. 35		5, 000. 00	757, 197. 35
Money-order fund		(6,040,880. 87)			(6, 040, 880. 87)
Philippine National Bank emergency fund		56, 018. 67			56, 018. 67
Treasurer of the United States disbursing officers		1, 935, 563. 92			1, 935, 563. 92
Treasury overage account		110. 70			110. 70
Trust fund, Manila Railroad Co. (Acts Nos. 1510 and 1592)				200, 369. 51	200, 369. 51
Sinking funds:					
Insular—					
Currency bonds (Act No. 3058)		2, 187. 44	24, 005. 24		50, 197. 92
Financial interest protection bonds (Act No. 2999)		21, 137. 96	247, 774. 14		516, 686. 24
Land purchase bonds (Act No. 1749)		18, 280. 30	668, 506. 26		1, 355, 292. 82
Manila port works and improvement bonds (Act No. 2908)		8, 726. 03	314, 829. 90		638, 385. 83
Manila Railroad Co. purchase bonds (Act No. 2625)		105, 323. 65	47, 897. 55		201, 118. 75
Public improvement bonds of 1905, 1906, and 1909 (Acts Nos. 1729 and 2425)		39, 614. 54	386, 158. 61		811, 931. 76
Public improvement bonds of 1921 (Act No. 2940)		15, 274. 70	833, 242. 88		1, 681, 760. 46
Sundry purposes bonds (Act No. 3013)		2, 420. 85	14, 608. 87		31, 638. 59
Metropolitan water district purchase bonds (Act No. 3204)		1, 008. 71	23, 500. 00		48, 008. 71

Distribution of cash balances—Continued

Name of funds	Cash in treasury vaults		Bank credits		Total (expressed in Philippine currency)
	United States currency	Philippine currency	United States currency	Philippine currency	
Sinking funds—Continued.					
Provincial and municipal—					
Bangued, Abra, water bonds (Act No. 2838)		₱489.45	$747.425		₱1,984.30
City of Cebu sewer and water bonds (Act No. 2009)		2,260.95	3,169.69		8,600.33
City of Manila public improvement bonds (Act No. 2894)		193.52	23,202.87		46,599.26
City of Manila sewer and water bonds (Act No. 1323)		44,293.44	159,904.27		364,101.98
Majayjay, Laguna, sewer and water bonds (Act No. 2773)		449.54	747.425		1,944.39
Santa Cruz, Laguna, sewer and water bonds (Act No. 2773)		1,157.99	262.88		1,683.75
Bonds fund:					
Manila port works and improvement bonds, Act No. 2908		731,690.41	960,131.10		2,651,952.61
Public improvement bonds of 1921, Act No. 2940		2,110,769.45	3,894,051.40		9,898,872.25
Financial interest protection bonds, Act No. 2999		8.44	2,700,894.34		5,401,797.12
Financial interest protection bonds, Act No. 2999 (Philippine National Bank circulation reserve act No. 3174)			2,377,101.44		4,754,202.88
Province of Iloilo and 9 municipalities public improvement bonds, Act No. 3222		608,598.34			608,598.34
Province of Occidental Negros public improvement bonds, Act No. 3229		744,224.00			744,224.00
Province of Pangasinan public improvement bonds, Act No. 3228		663,243.46			663,243.46
Province of Marinduque public improvement bonds, Act No. 3268		6,000.00	52,783.05		111,566.10
Province of Ilocos Norte and 3 municipalities public improvement bonds Act No. 3266		35,000.00	257,897.40		550,794.80
Special funds:					
Fidelity fund, Act No. 2711		61,157.62			61,157.62
Land-title assurance fund, Act No. 496		317,000.98			317,000.98
Loan fund, Act No. 3335		3,500,000.00			3,500,000.00
Property insurance fund, Act No. 2711		461,258.23			461,258.23
Other bureaus special funds		3,702,792.69			3,702,792.69

Distribution of cash balances—Continued

Name of funds	Cash in treasury vaults		Bank credits		Total (expressed in Philippine currency
	United States currency	Philippine currency	United States currency	Philippine currency	
Fiduciary funds:					
City of Manila sewer and water bonds' interest fund		₱59,326.67	$150,000.00		₱359,326.67
City of Manila public improvement bonds' interest fund		2,506.98	150,000.00		302,506.98
City of Cebu sewer and water bonds' interest fund		10,053.12			10,053.12
Santa Cruz, Laguna, sewer and water bonds' interest fund		2,250.00			2,250.00
Majayjay, Laguna, sewer and water bonds' interest fund		500.00			500.00
Bangued, Abra, water bonds' interest fund		500.00			500.00
Metropolitan water district bonds' interest fund		80,100.00			80,100.00
Province of Iloilo and 9 municipalities public improvement bonds' interest fund		36,618.75			36,618.75
Province of Pangasinan public improvement bonds' interest fund		9,641.25			9,641.25
Province of Occidental Negros public improvement bonds, interest fund		6,000.00			6,000.00
Province of Ilocos Norte and 3 municipalities public improvement bonds, interest fund		616.50			616.50
Province of Marinduque public improvement bonds, interest fund		541.12			541.12
Aparri electric light franchise, section 9, Act No. 2861				₱1,319.66	1,319.66
C. B. Carter electric light franchise, Cotabato				1,081.60	1,081.60
Cavite electric light franchise, section 2, Act No. 667		1,000.00			1,000.00
Earthquake of 1863 fund, Act No. 2109		25,745.92			25,745.92
Gas franchise fund, section 12, Act No. 2039		20,833.33			20,833.33
Pampanga electric light franchise, section 9, Act No. 2845		1,000.00			1,000.00
Pulupandan Isabela Railroad franchise, section 27, Act No. 2486		3,000.00			3,000.00
Silay Electric & Ice Plant Co. franchise, section 9, Act No. 2393		1,000.00			1,000.00
Bulan Sorsogon electric franchise		1,000.00			1,000.00
Miscellaneous (other bureaus)		3,323,610.29	1,282,041.78		5,887,693.85
Total	$3,665,314.57	37,183,223.965	63,120,017.21	479,249.765	171,233,137.29

Location of cash balances in banks

Bank credits	General fund	Gold-standard fund	Treasury certificate fund	Depository funds	Sinking fund	Bonds fund	Fiduciary funds	Total
UNITED STATES BANKS								
Philippine National Bank, New York City: Demand deposits at 3 per cent interest per annum; time deposits at 4 per cent interest per annum						$2,377,101.44		$2,377,101.44
Chase National Bank, New York City:								
Demand deposits at 3 per cent interest per annum	$8,512,753.00	$3,346,252.19	$580,989.00		$2,748,558.01	313,381.92	$1,582,041.78	17,083,975.90
Time deposits at 3½ per cent interest per annum			3,106,564.50			4,929,476.81		8,036,041.31
Atlanta & Lowry National Bank, Atlanta, Ga.[1]			500,000.00					500,000.00
Baltimore Trust Co., Baltimore, Md.[1]						500,000.00		500,000.00
Bankers Trust Co., New York [1]			1,500,000.00					1,500,000.00
Bank of Pittsburgh National Association, Pittsburgh, Pa.[1]			500,000.00					500,000.00
Central National Bank, Cleveland, Ohio [1]			500,000.00					500,000.00
Central Trust Co. of Illinois, Chicago, Ill.[1]			1,000,000.00					1,000,000.00
City National Bank, Knoxville, Tenn.[1]			500,000.00					500,000.00
Commerce Trust Co., Kansas City, Mo.[1]			1,500,000.00					1,500,000.00
Commercial National Bank, Washington, D. C.[1]			1,000,000.00					1,000,000.00
Continental & Commercial National Bank, Chicago, Ill.[1]			1,500,000.00					1,500,000.00
Crocker First National Bank of San Francisco, Calif.		1,000,000.00						1,000,000.00
Farmers Deposits National Bank, Pittsburgh, Pa.[1]			500,000.00					500,000.00
Farmers Loan & Trust Co., New York City [1]			1,500,000.00					1,500,000.00
Fidelity Trust Co. of New York, New York City [1]			750,000.00					750,000.00
First National Bank of Birmingham, Ala.[1]			500,000.00					500,000.00
First National Bank of Boston, Mass.[1]			2,000,000.00					2,000,000.00
First National Bank, Philadelphia, Pa.[1]			500,000.00					500,000.00
First National Bank at Pittsburgh, Pa.[1]			1,000,000.00					1,000,000.00
Fourth National Bank, Atlanta, Ga.[1]						500,000.00		500,000.00
Franklin Fourth Street National Bank of Philadelphia, Pa.[1]			500,000.00					500,000.00
Fulton National Bank, Atlanta, Ga.[1]			500,000.00					500,000.00
Guaranty Trust Co., New York City [1]		1,000,000.00	1,500,000.00					2,500,000.00
Harris Trust & Savings Bank, Chicago, Ill.[1]			500,000.00					500,000.00
Huntington National Bank, Columbus, Ohio [1]		500,000.00						500,000.00
Marine Bank & Trust Co., New Orleans, La.[1]			750,000.00					750,000.00
Market Street National Bank, Philadelphia, Pa.[1]			1,500,000.00					1,500,000.00
Mellon National Bank, Pittsburgh, Pa.[1]			1,000,000.00					1,000,000.00
Mercantile Trust Co., St. Louis, Mo.[1]		500,000.00				622,898.56		1,122,898.56
Merchants National Bank, Baltimore, Md.[1]			500,000.00					500,000.00
National Shawmut Bank, Boston, Mass.			1,000,000.00					1,000,000.00
National Union Bank of Maryland at Baltimore, Md.[1]						500,000.00		500,000.00
New York State National Bank, Albany, N. Y.[1]			500,000.00					500,000.00
Old Colony Trust Co., Boston, Mass.[1]			1,000,000.00					1,000,000.00

Penn National Bank, Philadelphia, Pa.[1]		1,000,000.00						1,000,000.00
Philadelphia Girard National Bank, Philadelphia, Pa.[1]			500,000.00					500,000.00
Riggs National Bank, Washington, D. C.[1]			1,500,000.00					1,500,000.00
Second National Bank, Washington, D. C.[1]			500,000.00					500,000.00
State National Bank, St. Louis, Mo.[1]			500,000.00					500,000.00
United States Trust Co., New York City [1]			1,000,000.00					1,000,000.00
Union Trust Co., Cleveland, Ohio [1]			500,000.00			500,000.00		1,000,000.00
Total	8,512,753.00	7,346,252.19	32,687,553.50		2,748,558.01	10,242,858.73	1,582,041.78	63,120,017.21
PHILIPPINE BANKS								
Philippine National Bank, Manila:								
Fixed deposits at 4 per cent interest per annum				₱210,048.50			₱2,401.26	₱212,449.76
Current accounts	₱0.005							.005
Special account	266,800.00							266,800.00
Total	266,800.005			210,048.50			2,401.26	479,249.765

[1] Time deposits at 3½ per cent per annum.

SPECIAL FUNDS

Land title assurance fund.—The purpose of this fund is to reimburse anyone who may lose title to property under the circumstances specified in Act. No. 496.

The income of the fund is derived from percentage fees on lands registered and from interest and dividends on investments.

A claim of ₱31,563.60 against the fund was paid during the year under review.

Property insurance fund.—This fund has for its purpose the insurance of government vessels and crafts, government machinery, permanent public buildings, government property stored therein, and government property stored in rented buildings, against destruction or damages resulting from fire, earthquake, storm, or other casualty.

With the exception of the property of the insular government, which is deemed to be insured free of charge solely by virtue of the law without any formality, all other property belonging to a Province, city, municipality, or other local political division, is insured only upon application made by the proper board and council of the Province and city or municipality, respectively, with the approval of the secretary of finance. The premium thereon is fixed by the insular treasurer with the approval also of the secretary of finance.

The income of the fund consists of premium on insurance, profits from investments, and a continuing annual appropriation.

It is also provided in the law that in case the total claims against the fund exceed the capital, surplus, and reserves pertaining thereto, the amount necessary to cover the deficit shall be advanced from the general fund.

The total claims against the property insurance fund, paid during the year, amounted to ₱55,996.22, or ₱40,305.22 more than during 1925, and are specified as follows:

Province of Cagayan: Damage caused by typhoon to the central and intermediate school buildings at Aparri, Cagayan	₱590.58
Province of Capiz: Damage caused by typhoon to the market building of the Province of Capiz	150.00
Province of Leyte: Total loss of steamship *Dalupaon* caused by typhoon	36,550.00
Province of Rizal: Damage caused by fire to the school building at Antipolo, Rizal	9,900.00
Province of Sorsogon: Damage caused by typhoon to the Gabaldon Building at Irosin, Sorsogon	3,347.24
Philippine health service: Damage caused by typhoon to government buildings at Culion	3,850.00
Philippine health service: Damage caused by typhoon to government buildings at Culion	1,385.02
Bureau of posts: Damage caused by fire to the post-office building at Donsol, Sorsogon	223.38
Total	55,996.22

Fidelity bond premium fund.—This fund was established for the purpose of replacing defalcations, shortages, unrecovered losses, and of paying the expenses of administration and operation of the fund in connection with the insurance of officers and employees of the government and of officers, agents, or employees of companies or corporations controlled by the insular government.

The receipts of the fund consist of premiums, profits on investments, and sums recovered from defaulters.

Section 335 of Act No. 2711 provides that this fund shall be constituted and maintained as a permanent reimbursable fund, at an amount not to exceed ₱100,000, and that any excess over such limit shall revert to the general fund.

DEPOSITORY FUNDS

Among the various accounts grouped under "depository funds" the following are the most important:

Treasurer of the United States account.—This account represents funds deposited by the Treasurer of the United States with the Chase National Bank, New York City, to the credit of the treasurer of the Philippine Islands to meet the expenses of the United States Government in the Philippine Islands.

The total amount thus deposited during the year amounted to ₱25,000,000 ($12,500,000), as compared with ₱29,000,000 ($14,500,000) in 1925. The outstanding balance on December 31, 1926, was ₱1,935,563.92 ($967,781.96) as against ₱1,611,042.15 ($805,521.07½) on December 31, 1925.

Manila Railroad Co. Southern Lines bonds sinking fund account, Act No. 2574.—This sinking fund was established by the Manila Railroad Co. and is deposited with the Philippine National Bank to the credit of the insular treasurer as an investment. It is for the redemption of those Manila Railroad Co. Southern Lines bonds, whose maturity has been extended to the year 1959 under the provisions of Act No. 2574.

The balance of the fund on December 31, 1926, amounted to ₱47,262.34.

FIDUCIARY FUNDS

Among the various accounts grouped under fiduciary funds the following is the most important:

Earthquake fund of 1863 account.—This account represents funds recovered from the Monte de Piedad of Manila through court proceedings, and are now held in the treasury vaults ready for distribution among those damaged by the earthquake of June 3, 1863.

The balance of this fund, amounting to ₱25,745.92 on December 31, 1925 remained the same at the close of business on December 31, 1926.

The original amount deposited by the government in 1863 in the Monte de Piedad was Pfs. 80,000 gold which, together with accrued interest, amounted to ₱108,939.77. The total amount distributed among the parties concerned, in compliance with court's orders was ₱83,193.85, as follows:

1918	₱659.00
1919	78,545.28
1920	3,887.59
1921	39.48
1922	23.03
1923	39.47
Total	83,193.85

GOLD-STANDARD FUND (ACT NO. 3058)

The function of the gold-standard fund is to maintain the parity of the Philippine silver peso with the theoretical Philippine gold peso, the latter being the unit of value in the Philippine Islands, consisting of $12\frac{9}{10}$ grains of gold, nine-tenths fine.

The operation of the Philippine mint during the year 1926 was undertaken by this fund.

By the operation of the gold-standard fund a net gain of ₱3,212,741.83 was made during the year as compared with ₱2,752,020.59 in 1925. The receipts of the gold-standard fund proper amounted to ₱3,241,238.41 as against ₱2,830,842.80 in 1925. The increase was due to larger amounts of interest received on gold-standard and treasury-certificate funds, deposits with banks in the United States, and premiums collected on exchange sold during the year under review. The total expenses amounted to ₱28,496.58, or ₱50,325.63 less than the total expenses in 1925. This decrease was brought about by the reduction of the amount paid for printing treasury certificates to approximately one-fourth of that paid the previous year.

The receipts of the gold-standard fund during the year on account of the operation of the mint, amounted to ₱150,000, while the expenses were ₱83,603.22 only, thereby netting a gain of ₱66,396.78. This profit is based on actual disbursement, overhead and depreciation expenses having been disregarded.

Minimum of the fund.—Act No. 3058 provides that the gold-standard fund shall be constituted and maintained in a sum not less than 15 per cent of the money of the government of the Philippine Islands in circulation and available for circulation, including both coins and treasury certificates, and that, if said fund shall fall below the minimum so fixed, the deficiency shall be made up out of any funds then in the insular treasury or thereafter paid into the treasury, not specifically appropriated to meet the payment of the principal, sinking fund, or interest of the public debt, which amount shall be considered as automatically appropriated for this purpose.

The minimum of the gold standard fund on December 31, 1926, was as follows:

Minimum required:			
15 per cent of the money of the government of the Philippine Islands in circulation and available therefor—			
Total coinage	₱40, 010, 956. 65		
Less coins held in treasury vaults belonging to the gold standard fund and treasury certificate fund not considered as available for circulation under section 1625 (f) of Act No. 3058	18, 486, 582. 04	₱21, 524, 374. 61	
Outstanding treasury certificates	84, 788, 252. 00		
Less treasury certificates in treasury vaults belonging to the gold standard fund not considered available for circulation under section 1625 (f) of Act No. 3058		84, 788, 252. 00	
Total government money in circulation and available therefor		106, 312, 626. 61	
15 per cent per cent of the above amount			₱15, 946, 893. 99
The minimum was kept as follows:			
Cash in treasury vaults—			
Philippine currency		2, 773, 437. 04	
United States currency ($1,815,314.57)		3, 630, 629. 14	
			6, 404, 066. 18
On deposit with authorized depositories in the United States—			
Chase National Bank, New York City		$3, 346, 252. 19	
Crocker First National Bank, San Francisco, Calif		1, 000, 000. 00	
Guaranty Trust Co., New York City		1, 000, 000. 00	
Huntington National Bank, Columbus, Ohio		500, 000. 00	
Mercantile Trust Co., St. Louis, Mo		500, 000. 00	
Penn National Bank, Philadelphia, Pa		1, 000, 000. 00	
		7, 346, 252. 19	
			14, 692, 504. 38
Total			21, 096. 570. 56
Excess			5, 149, 676. 57
Minimum required			15, 946, 893. 99

TREASURY CERTIFICATE FUND

This fund takes care of the redemption at par of the treasury certificates issued. Its balance amounted to ₱84,788,252 on December 31, 1926. This amount represents 100 per cent of all treasury certificates in circulation and

available for circulation. It consists of silver coins to the amount of ₱15,713,145 and United States gold coins in the sum of $1,850,000 and of gold deposits in member banks of the Federal reserve system in the United States to the amount of $32,687,533.50.

CIRCULATION

The circulation of the islands on December 31, 1926, consisted of the following:

Treasury certificates:			
Issued		₱84, 788, 252. 00	
Less—			
Amount held in treasury vaults pertaining to governmental funds	₱17, 955, 338. 00		
Amount destroyed, unknown	350, 000. 00		
		18, 305, 338. 00	
Net treasury certificates in circulation			₱66, 482, 914. 00
Philippine coins:			
Issued—			
Silver pesos	₱22, 357, 825. 00		
Half silver pesos	6, 273, 829. 00		
Subsidiary coins	8, 940, 673. 70		
Minor coins	2, 438, 628. 95		
		40, 010, 956. 65	
Less—			
Amount in treasury vaults pertaining to governmental funds—			
Silver pesos	15, 751, 377. 00		
Half silver pesos	2, 294, 634. 00		
Subsidiary coins	620, 298. 30		
Minor coins	93, 975. 325		
Amount destroyed, unknown	100, 000. 00		
		18, 860, 284. 625	
Net Philippine coins in circulation			21, 150, 672. 025
Bank notes:			
Issued by—			
Bank of the Philippine Islands	₱8, 953, 280. 00		
Less amount destroyed unknown	40, 000. 00		
		8, 913, 280. 00	
Philippine National Bank	27, 248, 403. 00		
Less amount destroyed unknown	150, 000. 00		
		27, 098, 403. 00	
Total bank notes in circulation			36, 011, 683. 00
Total circulation			123, 645, 269. 025

Table showing the per capita circulation of the Philippine Islands

Year	Circulation	Population [1]	Per capita circulation
1922	₱97, 217, 467. 695	11, 164, 541	8. 71
1923	110, 389, 333. 25	11, 387, 832	9. 69
1924	123, 979, 980. 69	11, 615, 589	10. 67
1925	132, 201, 572. 785	11, 847, 899	11. 16
1926	123, 645, 269. 025	12, 108, 688	10. 21

[1] Population estimated only. Based on the 1918 census and at a yearly increase of about 2 per cent.

PUBLIC DEBT

The public debt consists of the following:

Bonds of the insular government proper, including friar-lands bonds	₱146, 100, 000
Bonds of the insular government secured by bonds of the provincial, municipal, and other government entities	9, 769, 000
Bonds of the provincial and municipal governments sold to public	8, 420, 000
Bonds of the provincial, municipal, and other government entities securing insular government bonds	9, 769, 000
Total	174, 058, 000

From the above amount the sum of ₱9,769,000, collateral bonds issued against provincial and municipal bonds, should be deducted, leaving a net bonded indebtedness of the Philippine government of ₱164,289,000 only, for which there are accumulated sinking funds in the sum of ₱33,678,319.75 on December 31, 1926.

From the subjoining table it will be seen that the bonded indebtedness has increased by ₱4,269,000. This increase was caused by the additional bond issue of $2,134,500 provincial and municipal collateral bonds sold under the authority of Acts Nos. 3222, 3228, 3229, 3266, and 3268.

The interest paid by the government on account of the insular bonded indebtedness during the year 1926 amounted to ₱6,973,550.56, as compared with ₱6,821,671.09 paid in 1925. In both these amounts the exchange premium at the rate of seven-eighths of 1 per cent is included.

Bonded indebtedness

Issue	Amount
Insular bonds:	
4 per cent loan of 1904 (1914–1934) 10/30 years, land purchase bonds, Acts Nos. 1034, 1749, and 2550	₱14, 000, 000
4 per cent loan of 1905 (1915–1935) 10/30 years, first series, public improvement bonds, Acts Nos. 1301 and 1729	5, 000, 000
4 per cent loan of 1906 (1916–1936) 10/30 years, second series, public improvement bonds, Acts Nos. 1444, 1449, and 1729	2, 000, 000
4 per cent loan of 1909 (1919–1939) 10/30 years, third series, public improvement bonds, Act No. 1954	3, 000, 000
4 per cent loan of 1916 (1926–1946) 10/30 years, railroad purchase bonds, Acts Nos. 2615, 2624, and 2625	8, 000, 000
5½ per cent loan of 1920 (1930–1950) 10/30 years, Manila port works and improvement bonds, Act No. 2908	12, 000, 000
5½ per cent loan of 1921 (due 1941) public improvement bonds, Act No. 2940 (irrigation and public works)	20, 000, 000
5 per cent loan of 1922 (due 1952) financial interest protection bonds, Act No. 2999	10, 000, 000
4½ per cent gold loan of 1922 (due 1952) first sale sundry purposes bonds, Act No. 3013	10, 000, 000
4½ per cent gold loan of 1922 (due 1952) second sale sundry purposes bonds, Act No. 3013	4, 500, 000
4½ per cent gold loan of 1922 (due 1952) third sale sundry purposes bonds, Act No. 3013	1, 500, 000
4½ per cent gold loan of 1922 (due 1952) fourth sale sundry purposes bonds, Act No. 3013	3, 000, 000
4½ per cent gold loan of 1922 (due 1952) fifth sale sundry purposes bonds, Act No. 3013	1, 500, 000
4½ per cent gold loan of 1922 (due 1952) sixth sale sundry purposes bonds, Act No. 3013	2, 000, 000
4½ per cent gold loan of 1922 (due 1952) seventh sale sundry purposes bonds, Act No. 3013	1, 100, 000
4½ per cent gold loan of 1922 (due 1952) first sale currency bonds, Act No. 3058	20, 000, 000
4½ per cent gold loan of 1922 (due 1952) second sale currency bonds, Act No. 3058	26, 000, 000
5 per cent loan of 1925 (1935–1955) first sale metropolitan water district purchase bonds, Act No. 3204	2, 000, 000
5 per cent loan of 1925 (1935–1955) second sale metropolitan water district purchase bonds, Act No. 3204	500, 000
Total insular bonds	146, 100, 000

Bonded indebtedness—Continued

Issue	Amount
Insular bonds secured by provincial and municipal bonds:	
4½ per cent loan of 1922 (due 1950) city of Manila public improvement collateral bonds, Act No. 3051	₱5,500,000
4½ per cent loan of 1926 (1936–1956), Province of Iloilo and 9 municipalities permanent public improvement collateral bonds, Act No. 3222	1,953,000
4½ per cent loan of 1926 (due 1956) Province of Pangasinan permanent public improvement collateral bonds, Act No. 3228	857,000
4½ per cent loan of 1926 (due 1956), Province of Occidental Negros permanent public improvement collateral bonds, Act No. 3229	800,000
4½ per cent loan of 1926 (due 1956), Province of Ilocos Norte and 3 municipalities permanent public improvement collateral bonds, Act No. 3266	548,000
4½ per cent loan of 1926 (due 1956), Province of Marinduque permanent public improvement collateral bonds, Act No. 3268	111,000
Total insular bonds secured by provincial and municipal bonds	9,769,000
Provincial and municipal governments bonds sold to public:	
4 per cent loan of 1905 (1915–1935) first series, Manila sewer and waterworks bonds, Acts Nos. 1323 and 2832	2,000,000
4 per cent loan of 1907 (1917–1937), second series, Manila sewer and waterworks bonds, Acts Nos. 1323 and 2832	3,910,000 60,000 30,000
4 per cent loan of 1908 (1918–1938), third series, Manila sewer and waterworks bonds, Acts Nos. 1323 and 2832	1,990,000 10,000
4 per cent loan of 1911 (1921–1941), city of Cebu sewer and water bonds, Act No. 2009	250,000
5 per cent loan of 1919 (1929–1949), St. Cruz, Laguna, sewer and water bonds, Act No. 2773	90,000
5 per cent loan of 1919 (due 1949) 10/30 years Majayjay, Laguna, sewer and water bonds, Act No. 2773	40,000
5 per cent loan of 1919 (due 1949), 10/30 years, Bangued, Abra, sewer and water bonds, Act No. 2838	40,000
Total provincial and municipal governments bonds sold to public	8,420,000
Provincial and municipal bonds securing insular bonds:	
5½ per cent loan of 1920 (1930–1950) city of Manila permanent improvement bonds, Act No. 2894	5,500,000
4½ per cent loan of 1926 (1936–1956) Province of Iloilo and 9 municipalities permanent public improvement bonds, Act No. 3222—	
Province of Iloilo	1,121,000
Municipality of Iloilo	338,000
Municipality of Cabatuan	8,000
Municipality of Jaro	94,000
Municipality of La Paz	80,000
Municipality of Maasin	3,000
Municipality of Pavia	25,000
Municipality of Santa Barbara	104,800
Municipality of Dingle	20,000
Municipality of Pototan	159,200
4½ per cent loan of 1926 (due 1956) Province of Pangasinan permanent public improvement bonds, Act No. 3228	857,000
4½ per cent loan of 1926 (due 1956) Province of Occidental Negros permanent public improvement bonds, Act No. 3229	800,000
4½ per cent loan of 1926 (due 1956) Province of Ilocos Norte and 3 municipalities permanent public improvement bonds, Act No. 3266—	
Province of Ilocos Norte	442,000
Municipality of Bacarra	7,000
Municipality of Laoag	89,000
Municipality of Pasuquin	10,000
4½ per cent loan of 1926 (due 1956) Province of Marinduque permanent public improvement bonds, Act No. 3268	111,000
Total of provincial and municipal bonds securing insular bonds	9,769,000
Total of all bonded indebtedness	174,058,000

Adequate legislation provides for sinking funds to redeem the bonds at maturity. The accretions of the sinking funds consist of the interest derived from investments and of the annual allotments from the Insular Governments, cities and municipalities concerned, as the case may be. Excepting the cases of Manila sewer and waterworks, metropolitan water district, Act No. 3204, Cebu waterworks, Santa Cruz, Laguna, waterworks, Majayjay, Laguna;

waterworks, and Bangued, Abra, waterworks, these sinking funds are adjusted annually so that the amount thereof at each annual due date of the bond issues shall be equal to the total of an annuity of such a sum, for each million pesos of bonds outstanding, as with interest at the rate of 3½ per cent per annum, shall be sufficient to retire the bonds at maturity.

The balances of the bond sinking funds at the close of the year were as follows:

Insular bonds:	
Land purchase bonds sinking fund, Acts Nos. 2550 and 2592	₱9,048,846.00
Public improvement bonds sinking fund, Acts Nos. 1729 and 2425	5,486,813.38
Manila Railroad Co. purchase bonds sinking fund, Act No. 2625	1,823,324.07
Manila port works and improvement bonds sinking fund, Act No. 2908	1,540,385.83
Public improvement bonds of 1921 sinking fund, Act No. 2940	3,847,760.46
Irrigation and permanent public works bonds sinking fund, Act No. 3013	1,960,638.59
Financial interest protection bonds sinking fund, Act No. 2999	842,686.24
Currency bonds sinking fund, Act No. 3058	3,816,197.92
Metropolitan water district purchase bonds, sinking fund, Act No. 3204	48,008.71
Total reserve for insular bonds	28,414,661.20
Provincial and municipal bonds:	
Manila sewer and waterworks bonds sinking fund, Act No. 1323	4,436,304.20
City of Manila public improvement bonds sinking fund, Act No. 2894	717,141.58
Cebu sewer and waterworks bonds sinking fund, Act No. 2009	84,600.33
Santa Cruz, Laguna, sewer and waterworks bonds sinking fund, Act No. 2773	13,683.75
Majayjay, Laguna, sewer and waterworks bonds sinking fund, Act No. 2773	5,944.39
Bangued, Abra, waterworks bonds sinking fund, Act No. 2838	5,984.30
Total reserve for provincial and municipal bonds	5,263,658.55
Grand total	33,678,319.75

The following statement shows the per capita indebtedness of the Philippine Islands from 1922 to 1926.

Year	Amount of indebtedness of the insular government	Population [1]	Per capita indebtedness
1922	₱130,000,000	11,164,541	11.64
1923	134,500,000	11,387,832	11.81
1924	139,000,000	11,615,589	11.96
1925	146,100,000	11,847,899	12.33
1926	146,100,000	12,108,688	12.06

[1] Population estimated only. Based on the 1918 census at yearly increase of about 2 per cent.

INVESTMENTS

The following statement shows the status of the investments on December 31, 1925 and 1926 made from different funds under the control and custody of the insular treasurer:

Title of accounts and funds	Amount invested on—	
	Dec. 31, 1925	Dec. 31, 1926
General fund	₱56,319,742.87	₱65,871,559.43
Sinking funds:		
Land purchase bonds, Act No. 1749	8,252,772.24	8,122,000.00
Public improvement bonds of 1905, 1906, and 1909, Acts Nos. 1301, 1444, and 1953	5,044,255.55	4,951,000.00
Railroad purchase bonds, Act No. 2625	1,432,500.00	1,634,000.00
Manila port works and improvement bonds, Act No. 2908	1,243,000.00	902,000.00
Public improvement bonds of 1921, Act No. 2940	3,016,000.00	2,166,000.00
Financial interest protection bonds, Act No. 2999	613,000.00	326,000.00
Currency bonds, Act No. 3058	2,799,000.00	3,766,000.00
Irrigation and permanent public works bonds, Act No. 3013	1,142,000.00	1,929,000.00
Manila sewer and waterworks bonds, Act No. 1323	4,061,192.50	4,082,072.50
City of Manila improvement bonds, Act No. 2894	466,000.00	564,000.00
Cebu waterworks bonds, Act No. 2009	71,000.00	76,000.00
Santa Cruz, Laguna, waterworks bonds, Act No. 2773	10,000.00	12,000.00
Majayjay, Laguna, waterworks bonds, Act No. 2773	3,000.00	4,000.00
Bangued, Abra, waterworks bonds, Act No. 2773	3,000.00	4,000.00
Manila Railroad Co. Southern Lines bonds, Act No. 2574	41,113.65	47,262.34
Special funds:		
Land title assurance fund, Act No. 496	67,297.60	67,297.60
Fidelity bond premium fund, sections 313-335, Act No. 2711	45,000.00	45,000.00
Total	84,629,874.41	94,569,191.87

The increase of ₱9,939,317.46 is due mainly to the acquisition, under section 1 of Act No. 3174, of 2,381 shares of stock of the Philippine National Bank owned by private persons; to the purchase of provincial and municipal bonds in accordance with the provisions of Acts Nos. 3222, 3228, 3229, 3266, and 3268; and to the investments of sinking funds in insular collateral bonds issued under the provisions of Acts Nos. 3222, 3228, and 3229. The 2,381 shares of stock of the Philippine National Bank above mentioned were repurchased at ₱223,100, or ₱15,000 below par. The latter amount, which represents the excess of the government fixed deposit set aside for the repurchase of said stocks, was used in writing off losses of the bank under the provisions of Act No. 3174.

GUARANTY OF INTEREST ON BOND ISSUES OF RAILWAY CORPORATIONS

Under authority of an act of Congress approved February 6, 1905, the insular government guarantees 4 per cent interest for a period not to exceed 30 years on the first-lien bonds issued by the Philippine Railway Co. for the construction of certain lines in the islands of Panay and Cebu and on the 4 per cent first-lien bonds of what are known as the southern lines of the Manila Railroad Co.

On February 16, 1922, the Manila Railroad Co. again voted to issue 7 per cent sinking-fund bonds in the sum of $1,500,000, to mature on May 1, 1937, for the purpose of paying certain indebtedness, for the construction of certain lines, and to provide for a sinking fund to pay such bonds and interest thereon. To guarantee both the principal and interest of this issue the Philippine Legislature passed Act No. 3008 on February 28 of the same year.

The total of the combined issues of said companies on December 31, 1926, amounted to $23,888,000 United States currency.

REJECTED AGRICULTURAL BANK LOANS

The outstanding loans on December 31, 1926, aggregated ₱72,430.38 and represent loans rejected by the Philippine National Bank at the time said bank took over the assets and liabilities of the late Agricultural Bank in accordance with the provisions of section 6 of Act No. 2747, as amended by Act No. 2938, and those that have been subsequently returned by the Philippine National Bank as uncollectible, pursuant to section 7 of the above-mentioned act, as amended. During the year no loan was returned by the Philippine National Bank.

The following is a complete list of the outstanding loans at the close of business on December 31, 1926.

Loan No.	Principal	Interest	Total	Loan No.	Principal	Interest	Total
263	₱15,000.00	₱2,983.64	₱17,983.64	492	₱228.30		₱228.30
275	6,000.00	1,019.15	7,019.15	873	11,000.00	₱4,624.86	15,624.86
417	7,500.00	386.62	7,886.62	942	4,000.00		4,000.00
424	3,000.00		3,000.00	983	4,479.40		4,479.40
510	2,261.41		2,261.41				
531	9,947.00		9,947.00	Total	63,416.11	9,014.27	72,430.38

MINT OF THE PHILIPPINE ISLANDS

The mint was operated during the whole year of 1926 for the manufacture of 1-centavo and 5-centavo coins. Its output during the year, amounting to ₱150,000, consisted of ₱90,000 1-centavo and ₱60,000 5-centavo pieces, with a total cost of production of ₱92,965.08. The ratio of expenses to production is approximately 62 per cent, as compared with the 75½ per cent and 73¼ per cent for the first and second semesters, respectively, during 1925.

BANKS AND BANKING

The following banks and trust companies were engaged in business during the year:

Domestic:

- Philippine National Bank, Manila, with branches at Iloilo, Cebu, Legaspi, Lucena, Cabanatuan, Dagupan, Davao, and Bacolod, and an agency in New York, N. Y.
- Bank of the Philippine Islands, Manila, with branches in Iloilo, Zamboanga, and Cebu.
- China Banking Corporation, Manila, with a branch in Amoy, China.
- Mercantile Bank of China, Manila.
- Monte de Piedad & Savings Bank, Manila.
- The Philippine Trust Co., Manila.
- Postal Savings Bank, Manila.
- The People's Bank & Trust Co., Manila.

Foreign:

- International Banking Corporation, branch in Manila, with subagency in Cebu, Cebu.
- Hongkong & Shanghai Banking Corporation, branch in Manila, with subagency in Iloilo.
- Chartered Bank of India, Australia, and China, branch in Manila, with subagencies in Cebu, Iloilo, and Zamboanga.
- The Yokohama Specie Bank, branch in Manila.

A comparative statement of the resources and the liabilities of all banks and trust companies engaged in business in the islands at the close of business on December 31, 1925 and 1926, is given below:

	Dec. 31		Increase (+) or decrease (−)
	1925	1926	
RESOURCES			
Loans and discounts	₱105,386,824.70	₱93,426,123.62	−₱11,960,701.08
Overdrafts	42,187,717.92	46,619,111.77	+4,431,393.85
Stocks, securities, etc	14,158,473.07	11,344,184.00	−2,814,289.07
Banking house, furniture, and fixtures	2,359,953.01	2,402,198.51	+42,245.50
Other real estate and mortgages owned	1,866,705.53	843,516.29	−1,023,189.24
Due from head office, branches, agents, and correspondents	30,613,418.55	29,420,531.90	−1,192,886.65
Due from other banks	7,571,529.82	7,956,391.77	+384,861.95
Bills of exchange	17,064,006.89	16,759,325.27	−304,681.62
Cash on hand	29,056,364.89	22,602,662.26	−6,453,702.63
Checks and other cash items	963,298.44	1,156,919.06	+193,620.62
Profit and loss accounts	137,661.59	164,961.44	+27,299.85
Resources other than those above	12,165,971.61	12,886,274.25	+720,302.64
Total	263,531,926.02	245,582,200.14	−17,949,725.88
LIABILITIES			
Capital stock	24,986,991.00	25,293,350.00	+306,359.00
Reserve fund	7,836,447.83	8,601,763.28	+765,315.45
Undivided profits	2,425,687.42	3,535,618.59	+1,109,931.17
Bank notes in circulation	39,853,484.20	36,201,683.00	−3,651,801.20
Due to head office, branches, agents, and correspondents	26,826,012.43	22,277,537.88	−4,548,474.55
Due to other banks	1,801,458.90	1,886,142.06	+84,683.16
Dividends due and unpaid	749.50	1,588.75	+839.25
Demand deposits	79,152,566.31	76,872,944.73	−2,279,621.58
Time deposits	33,333,896.83	18,995,645.90	−14,338,250.93
Savings deposits	35,670,904.87	39,726,960.96	+4,056,056.09
Bills payable:			
Domestic	24,078.65	50,916.20	+26,837.55
Foreign	532,026.29	476,379.22	−55,647.07
Cashier's checks outstanding	400,649.67	715,538.35	+314,888.68
Certified checks	368,791.83	287,824.61	−80,967.22
Profit and loss account	497,126.49	454,383.12	−42,743.37
Suspense account	4,849.25	1,838,645.87	+1,833,796.62
Liabilities other than those above	9,816,204.55	8,365,277.62	−1,450,926.93
Total	263,531,926.02	245,582,200.14	−17,949,725.88

The decrease of over ₱17,000,000 in the total resources and liabilities is due mainly to the loans and discounts, including overdrafts, written off by the Philippine National Bank, with the corresponding decrease in Government deposits, in compliance with the provisions of Act No. 3174, otherwise known as the rehabilitation act of the Philippine National Bank. The circulation of bank notes showed a net decrease of ₱3,651,801.20, of which ₱2,500,000 corresponds to the Philippine National Bank circulating notes redeemed under the provisions of Act No. 3174.

MUTUAL BUILDING AND LOAN ASSOCIATIONS

During the year 1926 the following nine mutual building and loan associations were engaged in business with a subscribed capital of ₱40,304,475 and a paid-up capital of ₱13,321,849.20 on December 31, 1926.

Name of association	Date of incorporation	Head office
1. Manila Building & Loan Association	July 12, 1904	Manila.
2. "El Hogar Filipino" Mutual Building & Loan Association	Dec. 29, 1910	Do.
3. Zamboanga Mutual Building & Loan Association	Jan. 11, 1912	Zamboanga.
4. Cebu Mutual Building & Loan Association	Aug. 17, 1922	Cebu.
5. "Pangasinan Home" Mutual Building & Loan Association	July 5, 1923	Dagupan, Pang.
6. "Balaymi" Mutual Building & Loan Association	July 17, 1923	Baguio, Mt. Prov., Dagupan, Pang.
7. "La Urbana" Mutual Building & Loan Association	Aug. 1, 1923	Manila.
8. Narciseñan Sailors' Mutual Building & Loan Association	Jan. 27, 1924	Do.
9. La Previsera Filipina, Sociedad Mutua de Construccion y Prestamos.	Feb. 12, 1926	Do.

The total resources of the above mentioned associations as of December 31, 1926, amounted to ₱57,294,628.65 as against ₱45,041,629.55 on December 31, 1925.

INSURANCE

On December 31, 1926, there were 8 fire, 4 marine, four life, 25 fire and marine, and 29 miscellaneous insurance companies engaged in business in the Philippine Islands. The business done by said companies in the Philippine Islands as per statements filed with this office is as follows:

Fire insurance

	1925	1926
Net risks written	₱307,743,425.33	₱330,755,337.00
Net premiums received	3,677,429.19	3,827,626.00
Net losses incurred	1,986,514.31	2,538,141.00
Net losses paid	1,496,293.96	2,226,601.00
Ratio of losses incurred to premiums received, per cent	54	66.3

Marine insurance

	1925	1926
Net risks written	₱377,531,110.06	₱353,445,020.00
Net premiums received	1,642,900.28	1,496,051.00
Net losses incurred	1,016,069.61	[1] 622,882.00
Net losses paid	1,086,059.97	[1] 576,682.00
Ratio of losses incurred to premiums received, per cent	61.8	41.6

[1] Excluding losses not yet ascertained.

Life insurance[1]

1924

Insurance in force Jan. 1, 1924		₱59,149,429.00
Insurance issued, revived, and increased during the year	number	4,610
	amount	₱15,150,959.00
Insurance terminated		₱11,872,053.00
Policies in force Dec. 31, 1924	number	19,323
	amount	₱62,428.335.00
Claims paid		₱862,019.77
Losses and claims unpaid Dec. 31, 1924		₱449,805.28

1925

Insurance in force Jan. 1, 1925		₱62,428.335.00
Insurance issued, revived, and increased during the year	number	5,311
	amount	₱15,453,708.00
Insurance terminated		₱10,721,940.00
Policies in force Dec. 31, 1925	number	21,123
	amount	₱67,160,103.00
Claims paid		₱1,405,786.00
Losses and claims unpaid Dec. 31, 1925		₱487,529.00

[1] The data for 1926 are not available at the writing of this report.

Miscellaneous insurance

1925

	Accident	Motor car	Fidelity and surety	Plate glass	Typhoon, flood, and earthquake	Others
Net risks written	₱724,875.00	₱2,692,311.00	₱10,200,117.64		₱6,675,450.00	₱7,255,500.00
Net premiums received	10,926.87	104,956.24	249,328.04	₱1,099.32	19,603.52	38,056.15
Net losses incurred	4,787.62	41,725.06	4,932.30			
Net losses paid	3,897.62	36,001.72	15,293.58			
Ratio of losses incurred to premiums received, per cent	43.8	39.7	1.9			

1926

Net risks written	₱390,000.00	₱3,474,344.00	₱12,582,113.00		₱9,920,050.00	₱5,446,790.00
Net premiums received	2,830.00	127,186.00	318,122.00	₱1,545.00	25,854.00	34,775.00
Net losses incurred	307.00	69,539.00	22,423.00			12,202.00
Net losses paid	307.00	67,817.00	22,423.00			12,002.00
Ratio of losses incurred to premiums received, per cent	10.8	54.6	7.00			35.00

BUREAU OF CUSTOMS

CUSTOMS COLLECTIONS

Total customs gross and net receipts for the fiscal year ended December 31, 1926, as compared with 1925

	1926	1925	Increase (decrease)
BY PORTS			
Manila	₱16,587,938.22	₱17,652,976.33	₱(1,065,038.11)
Iloilo	1,411,378.50	1,631,453.19	(219,874.69)
Cebu	2,461,976.98	2,364,613.70	97,363.28
Jolo	148,844.74	174,481.42	(25,636.68)
Zamboanga	285,712.52	395,395.82	(109,683.30)
Davao	114,005.42		114,005.42
Legaspi	170,137.53		170,137.53
Total	21,180,193.91	22,218,920.46	(1,038,726.55)
BY SOURCES			
Import duties	17,371,588.03	18,467,236.15	(1,095,648.12)
Wharfage	2,055,794.99	2,165,962.78	(110,167.79)
Immigration dues	361,472.00	256,592.00	104,880.00
Tonnage dues	373,815.66	355,144.51	18,671.15
Customs stamps	601,481.39	568,626.06	32,855.33
Miscellaneous taxes (United States collection)	8,381.64		8,381.64
Fines and forfeitures	41,208.53	31,913.16	9,295.37
Storage	20,427.89	21,567.18	(1,139.29)
Surplus, auction sales	2,723.62	4,879.27	(2,155.65)
Arrastre collections	8,865.17	27,862.79	(18,997.62)
Government pier collections	130,755.38	122,322.97	8,432.41
Various other sources	203,679.61	196,813.59	6,866.02
Total	21,180,193.91	22,218,920.46	(1,038,726.55)
Refunds	512,288.71	498,668.41	(13,620.30)
Net total	20,667,905.20	21,720,252.05	(1,052,346.85)

The decline of the cost to the service for collecting a peso of customs revenue, which has been begun since 1919, continued throughout the year under review, the cost of such service having reached only the amount of ₱0.050. The fol-

lowing table shows the total receipts, expenditures, and the cost of collection per peso by fiscal years from 1899 to 1926:

Gross receipts and expenditures of the bureau of customs, by fiscal years

[Internal revenue tax collections excluded]

	Gross receipts	Expenditures	Cost of service per peso collected
Fiscal year ending June 30—			
1899	₱6,212,760.68	₱65,248.48	₱0.010
1900	11,084,578.36	206,786.28	.018
1901	17,965,627.70	462,101.78	.026
1902	17,057,876.24	867,178.32	.051
1903	19,081,413.84	976,173.34	.051
1904	16,987,736.52	1,126,927.58	.066
1905	16,526,888.50	1,040,557.74	.063
1906	15,106,412.12	982,163.36	.065
1907	16,389,417.04	922,222.90	.056
1908	16,636,040.78	902,926.26	.054
1909	17,078,197.74	950,062.62	.055
1910	16,572,147.12	929,117.30	.056
1911	17,357,620.68	903,339.26	.052
1912	18,726,592.56	902,312.30	.048
1913	16,492,051.92	957,956.12	.058
July to December, 1913	6,807,053.24	579,422.52	.085
Fiscal year ending Dec. 31—			
1914	11,897,092.28	1,059,725.70	.089
1915	12,808,378.55	980,896.55	.076
1916	12,220,315.36	892,073.06	.073
1917	13,571,007.34	952,372.47	.070
1918	16,440,536.19	1,108,585.71	.067
1919	14,425,307.38	1,315,107.89	.091
1920	17,757,865.34	1,600,805.78	.090
1921	16,863,064.14	1,505,877.62	.089
1922	15,229,269.99	1,135,297.43	.074
1923	17,058,562.33	977,307.30	.056
1924	21,634,608.94	1,036,446.95	.048
1925	22,218,920.46	1,025,999.65	.046
1926	21,180,193.91	1,078,139.83	.050

The following is a comparative statement by ports of entry of the net internal revenue tax collected showing a decrease of 1.5 per cent, the decrease being due to a decline in the importations of articles subject to said tax:

Gross and net internal revenue collections made by the bureau of customs during the fiscal year ended December 31, 1926, as compared with the year 1925.

Ports	1926	1925	Increase	Decrease
Manila	₱4,059,962.71	₱4,267,277.68		₱207,314.97
Iloilo	379,212.82	408,023.65		28,810.83
Cebu	464,366.17	441,038.11	₱23,328.06	
Jolo	12,180.15	13,036.27		856.12
Zamboanga	98,870.39	107,945.64		9,075.25
Davao	855.41		855.41	
Legaspi	141,133.67		141,133.67	
Total	5,156,581.32	5,237,321.35	165,317.14	246,057.17
For the highways special fund created by Act No. 3248	1,834,727.78			
For the general fund	3,321,853.54			
Total	5,156,581.32			

FOREIGN COMMERCE

The following tables show the origin of our imports and the destination of our products, showing a decrease in our foreign trade:

FOREIGN COMMERCE, 1926

Countries	Imports	Exports	Total trade
United States	₱143, 151, 236	₱200, 006, 430	₱343, 167, 666
Hawaii	1, 295, 068	700, 551	1, 995, 619
Guam	164	323, 954	324, 118
Japan	23, 227, 086	14, 618, 522	37, 845, 608
Great Britain	10, 767, 879	13, 640, 388	24, 408, 267
China	13, 228, 852	6, 390, 724	19, 619, 576
Germany	6, 684, 037	6, 014, 880	12, 698, 917
Spain	1, 565, 183	8, 327, 419	9, 892, 602
French East Indies	9, 072, 853	114, 320	9, 187, 173
France	2, 320, 685	6, 047, 069	8, 367, 754
British East Indies	5, 307, 848	2, 399, 760	7, 707, 608
Australia	5, 766, 770	1, 618, 499	7, 385, 269
Dutch East Indies	5, 591, 122	432, 639	6, 023, 761
Italy	988, 589	3, 555, 629	4, 544, 218
Netherlands	1, 040, 772	3, 189, 566	4, 230, 338
Hong Kong	331, 463	3, 027, 046	3, 358, 509
Belgium	1, 460, 550	1, 796, 403	3, 256, 953
Switzerland	2, 695, 940	45, 826	2, 741, 766
Japanese-China	1, 623, 031	43, 623	1, 666, 654
Canada	304, 624	336, 297	640, 921
Siam	310, 480	201, 655	512, 135
Ireland	349, 616		349, 616
Norway	198, 081	149, 680	347, 761
Sweden	304, 112	32, 420	336, 532
Denmark	139, 481	105, 846	245, 327
Austria	182, 314		182, 314
Other countries	690, 148	649, 493	1, 339, 641
Total	238, 597, 984	273, 768, 639	512, 366, 623

FOREIGN COMMERCE, 1925

Countries	Imports	Exports	Total trade
United States	₱138, 595, 166	₱218, 089, 883	₱356, 685, 049
Hawaii	1, 711, 675	697, 443	2, 409, 118
Porto Rico		7, 200	7, 200
Guam	460	359, 833	360, 293
Great Britain	13, 051, 181	22, 460, 139	35, 511, 320
Japan	21, 889, 872	11, 735, 380	33, 625, 252
China	13, 927, 998	6, 939, 840	20, 867, 838
French East Indies	13, 006, 400	72, 578	13, 078, 978
Germany	5, 530, 185	4, 665, 463	10, 195, 648
Spain	1, 416, 222	8, 704, 285	10, 120, 507
Australia	5, 843, 072	1, 954, 622	7, 797, 694
British East Indies	5, 414, 077	2, 274, 444	7, 688, 521
Dutch East Indies	6, 581, 469	615, 244	7, 196, 713
France	2, 705, 625	3, 758, 268	6, 463, 893
Netherlands	1, 070, 128	3, 630, 596	4, 700, 724
Italy	677, 107	3, 627, 783	4, 304, 890
Hong Kong	370, 691	3, 846, 835	4, 217, 526
Belgium	1, 102, 940	2, 457, 158	3, 560, 098
Switzerland	2, 522, 376	43, 058	2, 565, 435
Japanese-China	1, 656, 845	66, 188	1, 723, 033
Siam	363, 092	160, 872	523, 964
Sweden	377, 464	74, 137	451, 601
Ireland	434, 715	400	435, 115
Canada	195, 149	229, 644	424, 793
Norway	208, 103	162, 281	370, 384
Austria	248, 568		248, 558
Denmark	109, 444	106, 843	216, 287
British Africa	405	14, 530	14, 935
Other countries	455, 248	999, 462	1, 454, 710
Total	239, 465, 667	297, 754, 410	537, 220, 077

PRINCIPAL ARTICLES IMPORTED

In the order of their importance as to value, the 10 principal articles imported by the islands during the year are as follows:

1. *Cotton and its manufactures.*—Twenty-four per cent of the total importations of the islands during the year consists of cotton and its manufactures, showing an increase of 2 per cent over similar importations in 1925. Importations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱10,137,576	₱1.33	15	
1922	47,229,720	4.18	29	
1923	46,270,197	4.00	26	−2
1924	49,379,481	4.18	23	+6
1925	55,196,619	4.66	23	+11
1926	56,470,119	4.66	24	+2

The principal source of the islands' supply of cotton goods is the United States, 58 per cent of the total having been imported from that country. Japan and the United Kingdom come next, with China and Switzerland ranking fourth and fifth, respectively, as shown in the following table:

Cotton goods

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱32,792,259	58.07	₱28,918,304	52.39
Japan	11,890,288	21.06	12,203,552	22.11
Great Britain	6,393,780	11.32	8,022,765	14.53
China	2,147,520	3.80	2,990,974	5.42
Switzerland	2,097,921	3.72	1,905,231	3.45
Germany	466,283	.83	568,163	1.03
France	282,586	.50	255,461	.46
Italy	147,978	.26	34,244	.06
British East Indies	107,095	.19	125,721	.23
Spain	53,213	.09	67,242	.12
All other	91,196	.16	104,962	.20
Total	56,470,119	100.00	55,196,619	100.00

2. *Iron and Steel and their manufactures.*—Eleven per cent of the total importations of the islands consists of iron and steel and their manufactures, showing decrease of 3 per cent compared with similar importations in 1925. Importations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱4,259,020	₱0.56	6	
1922	15,208,761	1.35	9	
1923	17,392,001	1.51	10	+14
1924	24,094,119	2.04	12	+38
1925	27,919,939	2.36	13	+15
1926	27,041,520	2.23	11	−3

The largest portion of these imports, or 75 per cent, come from the United States. The following table shows the origin of these goods:

Iron and steel and their manufactures

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱20,342,124	75.23	₱21,264,889	76.16
Germany	2,832,462	10.47	2,013,695	7.21
Great Britain	1,103,972	4.08	1,037,108	3.71
Belgium	800,872	2.96	653,653	2.34
Hawaii	709,324	2.62	1,206,586	4.32
Japan	601,193	2.22	771,201	2.76
Dutch East Indies	140,973	.52	192,719	.69
Sweden	119,851	.44	218,713	.78
France	92,261	.34	144,280	.52
China	72,037	.27	151,850	.54
All other	226,451	.85	265,245	.97
Total	27,041,520	100.00	27,919,939	100.00

3. *Mineral oils.*—Mineral oils imported constitute 7 per cent of our total importations during the year, showing an increase of 2 per cent over imports of the same kind in 1925. Importations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱1,252,384	₱0.16	2	----------
1922	13,347,303	1.18	8	----------
1923	13,360,632	1.16	8	(1)
1924	17,340,039	1.47	8	+29
1925	17,358,936	1.47	8	(1)
1926	17,656,849	1.46	7	+2

[1] Less than one-half of 1 per cent.

The countries of origin and value from each of these imported products are given in the following tables:

Mineral oils

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱15,313,394	86.73	₱13,640,102	78.58
Dutch East Indies	2,330,592	13.20	3,647,976	21.02
Great Britain	6,648	.04	66,839	.38
Germany	3,902	.02	2,032	.01
Japan	1,814	.01	940	----------
All other	499	----------	1,047	.01
Total	17,656,849	100.00	17,358,936	100.00

4. *Meat and dairy products.*—Five per cent of our total imports during the year consist of meat and dairy products, registering an increase of 9 per

cent over similar imports in 1925. Importations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱1,934,026	₱0.25	3	----------
1922	8,548,054	.76	5	----------
1923	8,607,791	.74	5	(1)
1924	9,862,502	.83	4	+14
1925	10,938,943	.92	4	+11
1926	11,910,837	.98	5	+9

[1] Less than one-half of 1 per cent.

The countries of origin and value from each of these imported products are shown in the following tables:

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱6,387,181	53.62	₱5,899,819	53.93
Australia	2,438,219	20.47	2,221,040	20.30
China	1,775,772	14.91	1,713,745	15.67
Netherlands	446,340	3.75	394,542	3.61
Switzerland	185,154	1.56	174,984	1.60
New Zealand	176,627	1.48	53,286	.49
Denmark	102,666	.86	104,521	.95
Norway	78,269	.66	64,146	.59
Spain	64,200	.54	69,675	.64
Argentina	48,082	.40	38,967	.36
All other	208,327	1.75	176,112	1.86
Total	11,910,837	100.00	10,910,837	100.00

5. *Automobiles, parts of, and tires for.*—The importations of automobiles are increasing in great proportion from year to year. They constitute 4 per cent of our total importations, showing an increase of 13 per cent compared with the previous year. Importations per capita from 1922 to 1926 are as follows, no data for 1903 being available:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1922	₱3,003,615	₱0.27	2	----------
1923	4,434,151	.38	2	+47
1924	6,484,206	.55	3	+46
1925	9,212,313	.78	4	+42
1926	10,444,942	.86	4	+13

The countries of origin and the value from each are as follows:

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱10,178,724	97.45	₱8,971,631	97.39
France	222,040	2.13	80,403	.87
Italy	31,974	.31	153,680	1.67
Canada	6,499	.06	----------	----------
Great Britain	5,157	.05	4,475	.05
All other	548	----------	2,124	.02
Total	10,444,942	100.00	9,212,313	100.00

6. *Wheat flour.*—Imports of wheat flour constitute 4 per cent of our total importations during the year, but a decrease of 13 per cent has been registered, as compared with the previous year. Importations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱1,615,708	₱0.21	2	----------
1922	5,783,194	.51	4	----------
1923	6,995,754	.61	4	+20
1924	8,042,178	.68	4	+14
1925	11,213,350	.95	4	+39
1926	9,724,101	.80	4	−13

The countries of origin and value from each of wheat flour imported are as follows:

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱7,965,883	81.92	₱9,453,446	84.30
Australia	1,563,683	16.08	1,543,281	13.76
Canada	181,999	1.87	62,716	.56
China	11,041	.11	149,820	1.34
British East Indies	1,494	.02	2,938	.03
All other	1	----------	1,149	.01
Total	9,724,101	100.00	11,213,350	100.00

7. *Rice.*—One of the most encouraging features in the country's foreign trade is the gradual decrease in the importation of rice. As the Philippines is essentially an agricultural country, it ought to produce enough rice to feed the people. Effort should, therefore, be made toward the elimination of this item in the imports column so as to free the Filipino people from being dependent upon other countries for their food staple. Importations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱25,104,764	₱3.29	37	----------
1922	4,604,315	.40	3	----------
1923	7,412,861	.64	5	+60
1924	18,525,837	1.57	8	+149
1925	12,826,439	1.08	5	−30
1926	9,067,510	.75	4	−29

Almost all of the rice brought in came from French East Indies, as usual. The value imported may be seen in the following table:

Rice

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
French East Indies	₱8,752,132	96.52	₱12,413,925	96.78
Siam	306,619	3.38	359,326	2.80
Spain	3,113	.04	4,636	.04
Japan	3,041	.03	2,820	.02
British East Indies	2,605	.03	45,711	.36
United States			21	
Total	9,067,510	100.00	12,826,439	100.00

8. *Silk and its manufactures.*—These articles constitute 3 per cent of our total importations and show an increase of 26 per cent compared with the preceding year. Importations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱1,069,636	₱0.14	2	
1922	3,117,454	.28	2	
1923	3,257,122	.28	2	+4
1924	4,371,446	.37	2	+34
1925	5,615,807	.47	2	+28
1926	7,092,855	.59	3	+26

The countries of origin of these goods and the value from each are as follows:

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱3,068,738	43.27	₱2,247,238	40.02
China	1,680,942	23.70	1,567,778	27.92
Japan	1,257,298	17.73	867,362	15.44
Great Britain	660,987	9.32	465,187	8.28
Germany	186,086	2.62	199,052	3.54
France	117,308	1.65	143,827	2.56
Switzerland	66,985	.94	66,653	1.19
Italy	22,244	.31	13,804	.25
Spain	19,237	.27	29,934	.53
British East Indies	8,199	.12	11,912	.21
All other	4,831	.07	3,060	.06
Total	7,092,855	100.00	5,615,807	100.00

9. *Paper and its manufactures.*—Imports of these articles constitute 3 per cent of our total importations, and show an increase of 3 per cent compared with the previous year. Importations per capita in 1903 and 1922 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱896,786	₱0.12	1	----------
1922	4,919,748	.44	3	----------
1923	6,103,883	.53	3	+24
1924	6,304,187	.53	3	+3
1925	6,813,821	.58	2	+8
1926	7,016,408	.58	3	+3

The countries of origin and value from each of these imported articles are as follows:

Paper and its manufactures

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱5,155,704	73.48	₱4,985,257	73.16
Germany	387,845	5.53	243,747	3.58
Japan	293,167	4.18	261,959	3.84
Spain	210,003	2.99	231,763	3.40
France	170,880	2.44	264,240	3.88
Sweden	149,124	2.12	132,559	1.95
China	147,130	2.10	164,304	2.41
Netherlands	139,063	1.98	111,360	1.63
Austria	104,992	1.49	161,851	2.38
Belgium	71,339	1.02	32,619	.48
All other	187,161	2.67	224,162	3.29
Total	7,016,408	100.00	6,813,821	100.00

10. *Coal.*—The importation of coal registered during the year an increase of 22 per cent. This article constitutes only 2 per cent of the total imports. Importation per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total imports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱1,236,156	₱0.16	2	----------
1922	5,009,362	.44	4	----------
1923	4,997,302	.43	3	(1)
1924	4,581,515	.39	2	−8
1925	4,284,027	.36	2	−6
1926	5,233,526	.43	2	+22

[1] Less than one-half of 1 per cent.

The countries of origin and the value from each are as follows:

Coal

Imported from—	1926		1925	
	Value	Per cent	Value	Per cent
Japan	₱1,896,279	36.23	₱1,275,449	29.77
Japanese-China	1,622,476	31.00	1,656,782	38.67
Australia	1,200,591	22.94	1,119,356	26.13
Dutch East Indies	259,715	4.96	204,135	4.77
British East Indies	188,660	3.61	27,396	.64
United States	63,225	1.21	858	.02
All other	2,580	.05	51	----------
Total	5,233,526	100.00	4,284,027	100.00

Other imports.—Articles other than the 10 principal ones above mentioned have a total value of ₱76,939,317, showing a decrease of 2 per cent compared with the value of similar goods imported in 1925.

PRINCIPAL ARTICLES EXPORTED

In the order of their importance as to value, the 10 principal local products exported during the year are as follows:

1. *Sugar.*—The value of sugar exported during the year reached ₱64,459,268 as compared with ₱91,028,005 in 1925, or a decrease of 29 per cent. It is the largest item of our exportations, constituting 24 per cent thereof. The decrease is due to smaller production.

Exportations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱6,650,468	₱0.87	10	----------
1922	51,165,110	4.53	27	----------
1923	69,038,246	5.97	29	+34
1924	83,736,173	7.08	31	+21
1925	91,028,005	7.68	30	+9
1926	64,459,268	5.32	24	−29

The destinations of our exportations of sugar are shown in the table below:

Destination	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱58,324,938	90.48	₱82,833,682	91.00
China	2,799,898	4.35	4,402,803	4.84
Japan	1,710,334	2.65	1,453,851	1.60
Hong Kong	1,607,170	2.49	2,320,297	2.55
British East Indies	16,076	.03	6,460	----------
All other	852	----------	10,912	.01
Total	64,459,268	100.00	91,028,005	100.00

2. *Abaca (manila hemp)*.—The second largest item of our exports is abaca, the value of the shipment sent abroad during the year being ₱64,284,076 as compared with ₱71,043,292 in 1925, or a decrease of 9 per cent, and represents 23 per cent of our total exports. Exportations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱44, 001, 176	₱5. 76	68	----------
1922	39, 081, 829	3. 46	20	----------
1923	49, 903, 150	4. 32	21	+27
1924	59, 900, 916	5. 07	22	+20
1925	71, 043, 292	5. 99	24	+18
1926	64, 284, 076	5. 31	23	−9

One-half of our abaca exports went to the United States, 17 per cent to the United Kingdom, and 15 per cent to Japan. The destination of the balance is shown in the following table:

Abaca (manila hemp)

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱32, 602, 201	50. 72	₱36, 401, 298	51. 24
Great Britain	11, 086, 627	17. 25	17, 026, 733	23. 97
Japan	10, 109, 237	15. 73	7, 694, 676	10. 83
France	2, 322, 694	3. 61	1, 893, 759	2. 67
Netherlands	1, 535, 134	2. 39	1, 144, 882	1. 61
Belgium	1, 042, 640	1. 62	1, 363, 264	1. 92
Spain	992, 255	1. 54	1, 111, 071	1. 56
Australia	965, 329	1. 50	1, 044, 724	1. 47
Germany	854, 229	1. 33	917, 433	1. 29
British East Indies	708, 747	1. 10	604, 440	. 85
All other	2, 064, 983	3. 21	1, 841, 012	2. 59
Total	64, 284, 076	100. 00	71, 043, 292	100. 00

3. *Coconut oil*.—The value of coconut oil exported during the year reached ₱44,690,433 as against ₱39,640,377 in 1925, or an increase of 13 per cent. Exportations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱162	----------	----------	----------
1922	31, 468, 971	₱2. 79	16	----------
1923	28, 133, 164	2. 43	10	−10
1924	37, 622, 061	3. 18	14	+34
1925	39, 640, 377	3. 35	14	+5
1926	44, 690, 433	3. 69	16	+13

Almost all of our coconut oil exports went to the United States, 98 per cent thereof having been sent to the markets of that country, as shown in the following table:

Coconut oil

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱43,852,048	98.12	₱36,856,963	92.98
Great Britain	530,329	1.19	2,617,536	6.60
China	272,169	.61	157,584	.40
Japan	35,878	.08	4,988	.01
All other	9		3,306	.01
Total	44,690,433	100.00	39,640,377	100.00

4. *Copra.*—Copra exports during the year registered an increase of 17 per cent, from ₱31,737,405 in 1925 to ₱37,173,465 in 1926. Exportations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱7,639,586	₱1.00	12	
1922	28,206,146	2.49	15	
1923	38,493,998	3.33	16	+36
1924	30,703,764	2.60	11	−20
1925	31,737,405	2.68	11	+3
1926	37,173,465	3.07	14	+17

The largest portion of copra exports went to the United States, while the balance was distributed among other countries, as shown in the following table:

Copra

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱27,632,791	74.33	₱25,163,099	79.29
Spain	3,925,181	10.56	3,466,928	10.92
France	2,335,105	6.28	885,879	2.79
Germany	1,939,179	5.22	300,586	.95
Netherlands	689,969	1.86	1,000,365	3.15
Great Britain	613,277	1.65	878,122	2.76
All other	37,963	.10	44,426	.14
Total	37,173,465	100.00	31,737,405	100.00

5. *Tobacco products.*—A decrease of 9 per cent has been registered in the exportations of these domestic products. The value exported during the year is ₱17,263,163, whereas during the preceding year it amounted to ₱18,904,889. Exportations per capita in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱3,893,750	₱0.51	6	
1922	17,340,236	1.53	9	
1923	21,034,893	1.82	9	+21
1924	19,725,718	1.67	8	−6
1925	18,904,889	1.60	6	−2
1926	17,263,163	1.43	6	−9

The destinations of tobacco products are shown in the following table:

Tobacco products

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱9,448,793	54.73	₱10,432,704	55.18
Spain	3,343,019	19.37	4,018,808	21.26
China	969,193	5.61	940,148	4.97
Italy	707,478	4.10	1,252,810	6.63
France	566,455	3.28	26,995	.14
Hawaii	469,374	2.72	457,566	2.42
Japan	432,675	2.51	383,098	2.03
British East Indies	287,294	1.66	242,185	1.28
Hong Kong	271,790	1.58	282,087	1.49
Netherlands	254,075	1.47	107,302	.57
All other	513,017	2.97	761,186	4.03
Total	17,263,163	100.00	18,904,889	100.00

6. *Embroideries.*—Exports of embroideries during the year show an increase from ₱9,143,349 in 1925 to ₱11,984,778 in 1926, the increase being 31 per cent. No exportations of these products in 1903 are recorded. Per capita exportations from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1922	₱6,523,144	₱0.58	3	
1923	12,751,289	1.10	5	+95
1924	9,396,001	.79	3	−26
1925	9,143,349	.77	3	−3
1926	11,984,778	.99	4	+31

Almost all of the locally manufactured embroideries were exported to the United States, the portion sent to other countries being negligible, as shown below:

Embroideries (cotton and silk)

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱11,952,926	99.74	₱9,100,308	99.53
Hawaii	31,300	.26	40,399	.44
All other	552		2,642	.03
Total	11,984,778	100.00	9,143,349	100.00

7. *Desiccated coconut.*—The value of these local products exported during the year is ₱5,515,315, showing an increase of 6 per cent compared with ₱5,217,746 worth of similar exports in 1925. Per capita exportations from 1922 to 1926 are as follows, no data prior to 1922 being available:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1922	₱419,348	₱0.03		
1923	1,806,247	.16	1	+331
1924	3,197,119	.27	1	+77
1925	5,217,746	.44	2	+63
1926	5,515,315	.45	2	+6

Most of our exportations of desiccated coconut went to the United States, as shown in the following table:

Desiccated coconut

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱5,503,929	99.79	₱5,211,222	99.87
Hawaii	4,580	.08	1,375	.03
Japan	4,442	.08	3,094	.06
China	1,734	.03	1,729	.03
Spain	630	.02		
Hong Kong			326	.01
Total	5,515,315	100.00	5,217,746	100.00

8. *Lumber.*—The value of lumber, including logs, exported during the year is ₱5,105,621, an increase of 20 per cent over that exported in 1925, which amounted to ₱4,252,759. Per capita exportations in 1903 and from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1903	₱67,986	₱0.01	(1)	
1922	1,667,140	.15	1	
1923	3,077,507	.27	1	+84
1924	4,060,370	.34	2	+31
1925	4,252,759	.36	1	+ 4
1926	5,105,621	.42	2	+20

[1] Less than one-half of 1 per cent.

More than one-half of our lumber sent abroad went to the United States. The rest went to the countries shown below:

Lumber

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱2,790,432	54.65	₱2,263,607	53.23
China	1,098,358	21.51	557,950	13.12
Japan	574,978	11.26	311,587	7.33
Australia	438,004	8.58	742,552	17.46
Great Britain	149,450	2.93	226,171	5.32
Canada	18,873	.37	46,706	1.10
Netherlands	18,320	.36	25,155	.59
All other	17,206	.34	79,031	1.85
Total	5,105,621	100.00	4,252,759	100.00

9. *Maguey.*—The value of maguey exported during the year is ₱4,766,840 as compared with ₱6,381,792 in 1925, or a decrease of 25 per cent. None was exported in 1903. Per capita exportations from 1922 to 1926 are as follows:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1922	₱2,973,203	₱0.26	2	
1923	4,182,086	.36	2	+40
1924	5,845,278	.49	2	+39
1925	6,381,792	.54	2	+ 9
1926	4,766,840	.39	2	−25

The destinations of our maguey exports are shown in the following table:

Maguey

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
Japan	₱1,018,738	21.37	₱976,331	15.30
Great Britain	818,116	17.16	939,646	14.72
United States	788,497	16.54	726,135	11.37
Belgium	664,979	13.95	958,515	15.02
Netherlands	595,386	12.49	1,285,326	20.14
France	417,105	8.75	466,292	7.31
Germany	354,950	7.45	749,227	11.74
Italy	44,090	.93	103,723	1.63
Hong Kong	36,067	.76	97,021	1.52
Spain	26,913	.56	71,443	1.12
All other	1,999	.04	8,133	.13
Total	4,766,840	100.00	6,381,792	100.00

10. *Hats.*—The value of the shipment of hats to foreign markets reached the amount of ₱3,123,345 only as compared with ₱4,741,898 in 1925, or a decrease of 34 per cent. Per capita exportations from 1922 to 1926 are as follows, none having been registered in 1903:

Year	Value	Per capita	Per cent of total exports	Percentage of increase (+) or decrease (−) over preceding year
1922	₱950,788	₱0.08		
1923	1,258,464	.11	1	+32
1924	2,452,960	.21	1	+94
1925	4,741,898	.40	2	+93
1926	3,123,345	.26	1	−34

The largest portion of exportations of hats went to the United States, the rest to other countries, as follows:

Hats

Exported to—	1926		1925	
	Value	Per cent	Value	Per cent
United States	₱2,374,389	76.02	₱3,698,810	78.00
France	313,193	10.03	361,297	7.62
Great Britain	229,888	7.36	501,028	10.57
Italy	137,850	4.41	125,373	2.64
Australia	54,400	1.74	6,955	.15
All other	13,625	.44	48,435	1.02
Total	3,123,345	100.00	4,741,898	100.00

DOCUMENTATION AND LICENSING OF VESSELS FOR THE PORT OF MANILA

A total of 231 vessels, with an aggregate net tonnage of 14,280.42, were newly documented for the port of Manila for the coastwise and foreign trade and the bay and river traffic, as compared with 344 vessels in 1925 with an aggregate net tonnage of 14,744.19. Out of these 231 vessels so documented 3 steamers with an aggregate net tonnage of 2,050.06, 3 motor boats with an aggregate net tonnage of 56.09, 56 sailing vessels with an aggregate net tonnage of 1,006.50, 2 barges with an aggregate net tonnage of 163.92, and 1 banca with an aggregate net tonnage of 31.87 are for the coastwise trade; 3 steamers with an aggregate net tonnage of 7,344.12 are for the foreign trade and 1 pleasure motor boat with an aggregate net tonnage of 3.02.

Thirty-eight motor boats with an aggregate net tonnage of 447.10, 3 steam launches with an aggregate net tonnage of 34.42, 71 sailing vessels with an aggregate net tonage of 473.51, 27 scows with an aggregate net tonnage of 2,248.58, 2 cascos with an aggregate net tonnage of 42.02, 20 bancas with an aggregate net tonnage of 369.67, and 1 auxiliary schooner with an aggregate net tonnage of 9.54 are for the bay and river traffic.

Licenses were issued in the port of Manila to 2,263 vessels with an aggregate net tonnage of 92,024.34. Of these vessels so licensed 171 were coastwise steam and motor vessels having an aggregate net tonnage of 34,109.66, 618 are coastwise vessels not propelled by steam or other mechanical motive power having an aggregate net tonnage of 21,677.50, and 1,474 are miscellaneous vessels for the bay and river traffic having an aggregate net tonnage of 36,237.18.

INSPECTION OF VESSELS

During the year under review a total of 372 vessels with an aggregate gross tonnage of 70,762.05 were inspected at the port of Manila in accordance with the requirements of navigation and steamboat-inspection service as compared with 337 vessels with an aggregate gross tonnage of 57,453.44 inspected in 1925. The kinds of vessels so inspected are as follows:

Rig	Number of vessels	Tonnage	
		Gross	Net
Steamers inspected and certified	91	29,781.11	11,699.28
Steamers inspected but not certified	133	28,892.86	19,819.85
Total inspected	224	58,673.97	31,519.13
Motor barges and sailing vessels inspected and certified	71	6,249.17	5,879.86
Motor barges and sailing vessels inspected but not certified	77	3,838.91	4,397.89
Total inspected	148	12,088.08	10,277.75
Grand total	372	70,762.05	41,796.88

Rig	Gross tonnage					
	Over 1,500	Over 1,000 and under 1,500	Over 500 and under 1,000	Over 100 and under 500	Under 100	Total
Steamers inspected and certified	12	10	7	24	38	91
Steamers inspected but not certified	8	12	21	35	57	133
Total inspected	20	22	28	59	95	224
Motor barges and sailing vessels inspected and certified			1	18	52	71
Motor barges and sailing vessels inspected but not certified			2	8	67	77
Total inspected			3	26	119	148
Grand total	20	22	31	85	214	372

The number and classes of vessels admeasured are as follows:

Classes of vessels	Number	Tonnage	
		Gross	Net
Steamers	8	15,948.20	10,849.08
Steam launches	7	69.32	58.99
Motor boats and auxiliary schooners	54	1,328.80	984.14
Sailing vessels	22	613.89	613.89
Scows, barges, and lighters	27	1,896.91	1,692.97
Cascos, bancas, and others	35	497.98	497.98
Total	153	20,355.10	14,697.05

Four hundred eighty-three special permits authorizing vessels to operate in the coastwise trade, bay and river traffic, and on waters of any ocean were issued during the year pending the issuance of the required certificates of inspection.

MARINE OFFICERS

During the year 150 applicants, all Filipinos, filed their applications for marine officers' examinations, of whom 10 withdrew, 109 passed, and 31 failed, as shown in the following statement:

Grades	Number of applicants	Withdrawn	Examined	Passed	Failed	Total
Masters	15		15	15		15
Chief mates	28		28	20	8	28
Second mates	41	3	38	26	12	41
Third mates	28		28	21	7	28
Major patrons	17	4	13	13		17
Minor patrons	21	3	18	14	4	21
Total	150	10	140	109	31	150

During the same period 103 certificates were issued; 29 were for any ocean and 74 for coastwise. The different certificates so issued are as follows:

Grades	Any ocean	Coastwise	Total
Masters	8	5	13
Chief mates	11	6	17
Second mates	10	9	19
Third mates		32	32
Major patrons		6	6
Minor patrons		16	16
Total	29	74	103

Of the certificates so issued, 1 United States master's certificate for any ocean was exchanged with a Philippine certificate of the same grade; 1 chief mate's certificate and 1 second mate's certificate, coastwise, were exchanged with the corresponding any ocean certificates, the holders thereof having complied with all the requisites of law permitting them to navigate on waters of any ocean; 2 duplicate certificates for master, any ocean, and 3 duplicate certificates for minor patrons were issued to applicants who had lost their original certificates; 13 third mate's certificates were issued to graduates of the Philippine Nautical School after having duly qualified in accordance with law; and all the other certificates were issued to applicants who successfully passed marine examinations.

Forty-three applicants filed their applications for steam engineers' examination during the year, of whom 4 were for chief engineer, 5 for second engineer, 16 for third engineer, and 18 for fourth engineer. The examination papers of these applicants were pending corrections at the close of the year. One hundred and thirty-six applicants for certificates of motor engineers were also examined under the provisions of Act No. 3177 during the year, of whom 131 passed and 5 failed. Of the candidates who successfully passed the motor engineers' examination 5 were for second motor engineer, 28 for third motor engineer, and 98 for fourth motor engineer.

During the year 6 duplicate licenses were issued to steam marine engineers, of which 3 were for second engineer, 2 for third engineer, and 1 for fourth engineer. During the same period 156 temporary licenses for motor engineers were issued permitting the holders thereof to operate motor vessels pending the receipt of the regular certificates.

CONSULAR SERVICE

During the year 1926 there were 376 seamen discharged at the port of Manila from vessels of United States registry, consisting of 165 Americans, 210 Filipinos, and 1 Chinese, as against 395 of the preceding year, composed of 118 Americans, 272 Filipinos, and 5 Chinese. Out of the 165 American seamen

so discharged only 50 were given consular relief, 43 of whom obtained employment on American vessels, 4 were sent to the United States as consular passengers, 1 was sent to the United States on Army transport as indigent American seaman, and 2 were still under relief at the close of the year. Seventy seamen, consisting of 65 Americans and 5 Chinese, were left in the marine hospital during the year on account of illness contracted in line of duty, to be cured and repatriated at the expense of their respective ships.

Throughout the year 457 seamen, consisting of 220 Americans, 204 Filipinos, and 6 Chinese, obtained employment on American vessels. Twenty-seven American seamen not entitled to consular or agent's relief were sent back to the United States on Army transport as indigent American citizens.

There were 109 consular invoices and 360 invoices of returned American goods issued by this office during 1926, as compared with 141 consular invoices and 350 invoices of returned American goods in 1925.

IMMIGRATION AND EMIGRATION

There was a considerable increase in the movement of passengers during the year as compared with that of the preceding year. A total of 33,541 persons arrived in and 31,665 departed from the Philippine Islands, exclusive of the enlisted men and others attached to the military and naval forces of the United States. The departure of 9,430 Filipinos for the United States and insular possessions largely accounts for the increase.

Of those arriving in the islands 4,043 were citizens of the United States, 6,933 Filipinos, and 29 Hawaiians and other American subjects. Of the Americans, 1,982 came from the United States and insular possessions and 2,061 from foreign countries. As to the Filipinos who returned from abroad, 3,939 came from the United States and insular possessions and 2,994 from other countries. Of the aliens 17,526 were Chinese, 2,940 Japanese, 760 British, 443 Spanish, 153 German, 118 East Indian, and 596 other nationalities. As to the Chinese who arrived during the year, 7 came from the United States, 10,467 were immigrants from China, and 7,052 were nonimmigrants. Of the Japanese arrivals, 2,552 were immigrants and 388 nonimmigrants.

Of those who left the country, 3,880 were Americans, 11,526 Filipinos, and 5 Hawaiians and other American subjects. The number of aliens who departed from the islands is distributed as follows: 13,242 Chinese, 1,152 Japanese, 769 British, 414 Spanish, 118 German, 88 East Indian, and 559 other aliens.

Of the Filipinos departed, 9,430 went to the United States and insular possessions, and 2,096 to other countries.

As to the Chinese aliens who departed from the country, 87 were emigrants, 13,150 nonemigrants, and 5 departed for the United States.

A total of 182 were debarred from admission into the country during the year, of whom 180 were Chinese and 2 East Indians. Thirty-three Chinese were deported by order of competent authority, 14 of whom were for violation of Act No. 2381, 9 for violation of Act No. 702, and 10 for illicit entrance.

PROTESTS AND APPEALS

There were lodged with the board of protests and appeals in Manila during the year 153 protests against the classification and appraisal of imported merchandise, collection of customs dutites, internal-revenue taxes, storage charges, etc., under the provisions of section 1370 of the Administrative Code. Twenty-four protests were overruled and denied, 45 sustained, 18 dismissed, and 66 were pending decision at the close of the year, which, together with 104 of the previous years, make a total of 170 protests undecided.

Similar protests were filed with the collectors of customs at other ports of entry, 21 of which were acted upon and sent to this office either on appeal or for review, 12 thereof being against the assessment of wharfage dues, and 9 against collection of custom duties. Of the decisions of said collectors 17 were affirmed, 2 reversed, and 2 were pending at the close of the year. Of those affirmed 1 was removed to the court of first instance for review.

GOVERNMENT PIERS

With the completion of Pier No. 7, brought about in July, 1926, the pier facilities at the port of Manila for the accommodation of the ocean-going vessels and the handling of cargoes have been greatly improved and there is

now a complete relief from congestion of merchandise common in previous years, and, due to the most up-to-date handling devices with which this pier is equipped, the port facilities for the handling of imported merchandise have been greatly increased. The widening of both sides of Pier No. 5 was begun about the middle of July, 1926, and was completed during the latter part of November of the same year. The improvement offers vessels greater facilities in discharging their cargoes and helps ships in saving time and labor during their stay in port. There are approximately 6,000 feet of berthing space at the insular government piers and bulkheads at the port of Manila, sufficient to accommodate 10 trans-Pacific and ocean-going vessels at the same time. During the year 528 vessels engaged in the foreign trade took berth at the government piers, as compared with 520 in 1925. It is estimated that about 600,000 tons of cargo were brought into this port by those 528 foreign vessels, of which approximately 530,000 tons were discharged onto piers and bulkheads, as against 554,500 tons in 1925. This slight decrease is likely due to the unsettled political conditions prevailing in China, whence a considerable volume of imports came in the preceding year.

SECRET SERVICE

Like in previous years, violators of customs, immigration, opium, and other laws were vigorously prosecuted throughout the year under review. Three hundred and five cases were filed against violators of said laws at the port of Manila, of which 298 convictions were obtained, 2 dismissals, and 5 pending at the end of the year. The penalty imposed in all such convictions represents five years five months and one day imprisonment, fine of ₱2,368.50, and one deportation.

The following articles were seized at the port of Manila during the year for violation of customs laws:

Ammunitions for pistols, caliber .25	number	125
Cloth, canvas	pieces	73
Chinese playing cards	sets	54,733
Chinese pickles	tins	500
Chinese wine	bottles	210
Chinese wine	jars	167
Chinese medicines	bottles	512
Chimney glass for opium lamp	number	1
Cocaine	kilo	0.075
Dried bamboo sheets	packages	4
Morphine	kilo	0.376
Opium:		
Bowls	number	10
Lamps	do	7
Needles	do	5
Pipes	do	8
Prepared	kilos	718.869
Spatulas	number	10
Pistols	do	26
Revolvers	do	8
Suitcases	do	4

PERSONNEL

In the customs service there were 902 employees at the close of the year, of whom 3 are Americans, 1 in the classified service, and 2 in the unclassified service, 2 Chinese in the unclassified service, and the rest are Filipinos. Of the 896 Filipinos, 543 are in the classified service and 353 in the unclassified service, 6 of the latter being non-Christian Filipinos serving in the collection districts of Mindanao and Sulu.

PORT OF CEBU

The customs receipts of the port of Cebu during the year 1926 amounted to ₱2,461,976.98 as compared with ₱2,364,613.70 in 1925, which shows an increase of ₱97,363.28. The large importation of rice and the increased collection of

wharfage dues on account of greater shipments of copra, abaca, coconut, and maguey brought about this increase in customs receipts. The internal-revenue collection showed also an increase of ₱23,328.06, the amount collected being ₱464,366.17, as compared with ₱441,038.11 in 1925. Of the sum so collected as internal-revenue tax in 1926, ₱275,653.31 went to the general fund, while ₱188,-712.86 went to the highways special fund created by Act No. 3248.

The total foreign trade of Cebu during the year under review amounted to ₱67,681,564, of which ₱15,984,981 represent the value of imports and ₱51,696,583 that of exports, as against ₱63,108,891 in 1925, ₱15,642,349 of which being the value of imports and ₱47,466,542 that of exports. There was, therefore, a trade balance amounting to ₱35,711,602 in favor of the port.

The principal products imported and exported from Cebu are as follows:

Imports and exports at the port of Cebu

IMPORTS

Articles	1926	1925
Rice	₱5, 844, 456	₱5, 826, 366
Kerosene	1, 827. 317	976, 452
Wheat flour	1, 166, 878	1, 134, 916
Manufacturers of iron and steel	1, 043, 526	1, 217, 560
Cotton goods	1, 031, 941	1, 346, 538
All other	5, 070, 863	5, 140, 517
Total	15, 984, 981	15, 642, 349

EXPORTS

Copra	₱21, 495, 902	₱18, 417, 875
Abaca	14, 465, 415	15, 113, 517
Coconut oil	9, 498, 286	7, 189, 402
Maguey	3, 534, 026	4, 578, 539
Tobacco leaf	733, 671	718, 438
All other	1, 969, 283	1, 448, 771
Total	51, 696, 583	47, 466, 542

During the year 98 entrances of vessels engaged in the foreign trade direct from foreign ports were recorded, with an aggregate net tonnage of 253,734, as against 77 of such vessels in 1925, with a total net tonnage of 212,334. There also entered 186 vessels in the foreign trade from other ports of entry of the islands, with a total net tonnage of 748,246, as compared with 185 in 1925, representing 736,289 tons net. One hundred and eighty-two clearances of foreign vessels direct to foreign ports were registered during 1926, with a total net tonnage of 663,151, while in 1925, 158 direct clearances of such vessels, totaling 557,086 tons net, were recorded. Vessels engaged in the foreign trade numbering 104, with an aggregate of 347,183 tons net, were also cleared through other ports of entry in 1926, as compared with 101 in 1925, with a total net tonnage of 372,780. During the same period 6,350 vessels engaged in the coastwise trade, with an aggregate net tonnage of 576,202, entered in the port of Cebu, as compared with 5,999 in 1925, representing 521,301 tons net, while 6,655 coastwise vessels were cleared from this port, with a total net tonnage of 571,136, as against 6,112 in 1925, totaling 526,044 tons net.

Fifty-one vessels having a total of 685.18 tons net, all for the coastwise trade, were newly documented during the year. Licenses were issued to 260 vessels, with an aggregate net tonnage of 7,248.05, of which 252 were for the coastwise trade and 8 for the bay and river business.

During the year under review a total of 86 vessels with an aggregate gross tonnage of 7,822.80 were inspected in this port in accordance with the requirements of navigation and steamboat-inspection service, of which 19 were steam vessels and 67 motor vessels.

Thirty-eight arrests for violations of the customs, immigration, opium, and other laws were made during the year, resulting in 18 convictions, 10 dismissals, and 10 pending at the close of the year, and a total of 4 years 9

months and 20 days imprisonment, and fines of ₱4,620 were imposed as penalty in all such convictions. The following articles were seized during the year:

		Units	Weights
Prepared opium, tins	grams	671	41,620
Opium ashes, packages	do	8	245
Morphine, packages	do	34	165
Cocaine, tin	do	1	32
Opium pipe, complete		2	
Opium pipe, extra heads		5	
Dynamite	sticks	600	
Automatic pistol, caliber .25		1	
Revolver, caliber .32		1	
Ammunition for caliber .25		102	
Ammunition for caliber .45		5	
Cotton cloths	pieces	13	
Cotton embroidery trimming	do	6	
Cotton cloths, gray	do	2	

PORT OF ILOILO

Customs receipts of the port of Iloilo registered a decline from ₱1,631,453.19 in 1925 to ₱1,411,578.50 in 1926. This decrease is accounted for mainly by the decrease in the wharfage collections brought about by the late milling of sugar-cane, the principal product of this district, and the adverse weather conditions prevailing during the year which effected a reduction of the sugar crop from 35 to 40 per cent as compared with the production of said staple in the previous year; and, partly, to the considerable rice produced in this district which reduced the importation of the said food stuff and, consequently, the import duties collected on imported rice. The internal revenue collection also dropped from ₱408,023.65 in 1925 to ₱379,212.82 in 1926 on account of the reduction of importations of articles subject to internal revenue tax. Of the amount so collected as internal revenue specific tax during 1926, ₱175,155.58 went to the general fund while ₱204,057.24 went to the highways special fund.

The total foreign trade of the port of Iloilo during the year under review reached the sum of ₱61,474,035, of which ₱11,707,706 represent the value of imports, and ₱49,766,329 that of exports, as compared with ₱87,610,910 in 1925, of which ₱19,532,175 represent the import and ₱68,078,735 the value of the exports. Notwithstanding this reduction in the value of the foreign trade, still the port recorded a favorable trade balance of ₱38,058,623.

The following are the principal articles imported and exported from this port:

Imports and exports at the port of Iloilo

IMPORTS

Article	1926	1925
Fertilizers	₱1,384,665	₱3,182,397
Jute bags and bagging	1,382,015	1,328,428
Manufactures of iron and steel	1,250,555	1,790,622
Gasoline	1,041,296	595,048
Wheat flour	999,467	1,103,614
All other	5,649,708	11,532,066
Total	11,707,706	19,532,175

EXPORTS

Sugar, centrifugal	₱42,453,502	₱60,956,806
Sugar, muscovado	2,349,187	3,427,409
Copra	2,569,001	1,935,557
Lumber	2,368,243	1,739,109
All other	26,396	19,854
Total	49,766,329	68,078,735

Forty-seven vessels in the foreign trade, with a net tonnage of 162,956, entered in the port of Iloilo direct from foreign ports, as compared with 67 direct entrances from foreign ports during 1925, which represent an aggregate net tonnage of 229,512. Likewise, from other ports of entry of the Philippine Islands, 154 vessels engaged in the foreign trade, which represent a total of 578,960 tons net, entered this port during 1926, as compared with 152 of such vessels, with a total net tonnage of 555,738, in 1925. There were cleared from this port direct to foreign ports 78 vessels in the foreign trade, with an aggregate net tonnage of 267,781, as against 113 direct clearances of such vessels, with a total of 411,921 net tons, in 1925. For other ports of entry of the Philippine Islands, there were also cleared from this port 122 vessels in the foreign trade, with a total net tonnage of 474,788, in 1926, as compared with 103 clearances for foreign ports via Philippine ports of entry, with a total net tonnage of 362,225, in 1925. During the same period 7,537 coastwise vessels entered in this port, with an aggregate net tonnage of 722,855, as compared with 8.241 in 1925, with a total net tonnage of 731,742, while 7,548 of such vessels were cleared from this port, totalling 726,741 tons net, as against 8.294 coastwise clearances recorded in 1925, with a total of 740.295 tons net.

Thirty-two vessels were newly documented at this port during the year, showing a total net tonnage of 1,247.05, of which 25 were for the coastwise trade and 17 for the bay and river traffic. Licenses were issued to 441 vessels with an aggregate net tonnage of 18,618.33. Of these vessels so licensed, 384 were for the coastwise trade and 57 for the bay and river business.

In accordance with the requirements of navigation and steamboat inspection service a total of 146 vessels were inspected at the port of Iloilo during the year under review, of which 19 were steam vessels and 127 were motor vessels, barges, and sailing vessels.

Fourteen cases of violations of the opium law were prosecuted during the year, resulting in six convictions and eight dismissals. The penalty imposed in all these convictions totalled 3 years and 1 month and ₱3,400 fine. The following articles were seized during the year:

	Units	Weights
Prepared opium ..... grams		33,204
Cocaine ..... do		513
Morphine ..... do		494
Opium pipe, complete, and miscellaneous implements for smoking opium	1	
Pistol, caliber .25	1	
Pistol "N. Pieper patent"	1	
Ammunition for caliber .25	74	
Ammunition for pistol "N. Pieper patent"	10	

PORT OF ZAMBOANGA

The customs collections of the port of Zamboanga during the year 1926 reached the sum of ₱285,712.52, which is ₱109,683.32 less than the customs receipts for 1925, the sum of ₱395,395.82 being the amount collected at this port from this source during that year. The internal-revenue collection also registered a decrease from ₱107,945.64 in 1925 to ₱98,870.39 in 1926. Of the amount so collected as internal-revenue tax during the year 1926, ₱51,147.70 went to the general fund and ₱47,722.69 went to the highways special fund. The reduction of the receipts of this port was mainly due to the establishment of the port of Davao brought about during the year under review which affected its imports and exports, and partly to the general business depression that prevailed during the year coupled with the unforseen long drought which impaired coconut production and caused a dislocation of traffic in various ways in this port.

The total foreign trade of the port of Zamboanga during the year 1926 amounted to ₱7,112,970, of which ₱2,292,627 represent the value of imports and ₱4,820,343 that of exports. as compared with ₱21,190,578 in 1925, of which ₱2.464,603 being the value of imports and ₱18,725,975 that of exports. This decrease was due to the separation of the port of Davao from this port and other causes mentioned above. Notwithstanding the decrease of ₱14,077,608 of the total foreign trade of this port, still it registered a trade balance in its favor of ₱2,527,716.

The principal articles imported and exported in this port are as follows:

Imports and exports at the port of Zamboanga

IMPORTS

Article	1926	1925
Cotton goods	₱426,424	₱449,506
Rice	359,144	436,796
Gasoline	298,895	303,352
Kerosene	222,650	371,462
Iron and steel manufactures	202,486	162,200
All other	783,028	741,287
Total	2,292,627	2,464,603

EXPORTS

Copra	₱2,928,036	₱3,446,780
Abaca	552,847	13,940,711
Desiccated coconut	544,159	478,241
Rubber	332,835	174,099
Lumber	320,283	477,537
All other	142,183	208,607
Total	4,820,343	18,725,975

During the year 1926, 41 vessels in the foreign trade, with an aggregate net tonnage of 99,327 entered in the port of Zamboanga direct from foreign ports, as compared with 34 direct entrances of such vessels in 1925, with a total net tonnage of 119,927. From other ports of entry also entered in this port 59 foreign vessels, representing a net tonnage of 140,131 during the year 1926, as against 106 of such vessels, with an aggregate net tonnage of 273,549, in 1925. During the same period 35 vessels in the foreign trade, with a total net tonnage of 75,035, were cleared from this port direct to foreign ports, as compared with 35 direct clearances in 1925, with a total net tonnage of 117,805; 66 of such vessels, with an aggregate net tonnage of 170,083, were also cleared for foreign ports via Philippine ports, as against 110 vessels engaged in the foreign trade, with a total net tonnage of 275,315, in 1925. During 1926, 1,555 coastwise vessels, representing 237,198 tons net, entered in this port, as compared with 1,349 vessels in the coastwise trade, with a total net tonnage of 216,852, in 1925; and 1,554 coastwise vessels, with an aggregate net tonnage of 237,461, were cleared in 1926 from this port, as compared with 1,352 of such vessels, with a total net tonnage of 212,260, in 1925. Thirty-four Philippine vessels, representing 445.64 tons net, were newly documented in this port during the year under review, of which 28 vessels were for the coastwise trade and 6 for the bay and river traffic. Licenses were issued during the year to 116 vessels, with an aggregate net tonnage of 1,606. Of the licenses so issued 100 were for the coastwise trade and 16 for the bay and river business.

Fourteen arrests for violation of opium and immigration laws were made during the year, resulting in 9 convictions, 1 dismissal, and 4 pending at the end of the year. The following articles were seized during the year: 63 grams opium ashes, 17 grams prepared opium, and 130 grams Chinese medicine mixed with prepared opium.

PORT OF JOLO

The total customs collections of the port of Jolo during the year 1926 amounted to ₱148,844.74, as compared with ₱174,481.42 in 1925, which shows a decrease of ₱25,636.68. This decrease is attributed to the internal disorder in China wherefrom a considerable volume of imports of this port come. The internal revenue receipts also dropped from ₱13,036.27 in 1925 to ₱12,180.15 in 1926. This decrease is due to the decline in the importation of articles subject to internal revenue tax. All the amount collected at this port in 1926 as internal revenue specific tax went to the general fund.

The total value of the foreign trade of this port during 1926 amounted to ₱1,168,314, of which ₱529,220 being the value of imports and ₱639,094 that of exports, as compared with ₱1,031,123 in 1925, of which ₱676,269 represent the value of imports and ₱354,854 that of exports, or an increase of

₱137,191. There was, therefore, a trade balance of ₱109,874 in favor of the port.

The following are the principal articles imported and exported from this port:

Imports and exports at the port of Jolo

IMPORTS

Article	1926	1925
Cotton goods	₱183,223	₱227,798
Rice	43,738	88,172
Sugar	33,658	29,934
Chemicals, drugs, dyes, and medicines	32,180	54,107
Tobacco, and manufactures of	23,973	26,608
All other	212,448	249,650
Total	529,220	676,269

EXPORTS

Copra	₱340,384	₱33,907
Shells	149,166	217,435
Fish products	106,659	84,643
Fruits and nuts	15,713	130
Wood manufactures	6,636	2,116
All other	20,536	13,481
Total	639,094	351,712

Vessels in the foreign trade numbering 51, with an aggregate net tonnage of 45,343, entered in the port of Jolo direct from foreign ports as compared with 47 direct entrances in 1925, with a total net tonnage of 39,420, and 38 of such vessels entered from other ports of entry, with a total net tonnage of 41,577, as compared with 33 vessels in 1925, representing 32,609 tons net. During the same period, 49 vessels in the foreign trade, with a total net tonnage of 48,469, were cleared direct for foreign ports, as against 47 of such vessels, with an aggregate net tonnage of 38,438, in 1925, and 35 vessels in such trade, which represent a total of 30,207 tons net, were cleared for other ports of entry in 1926, as against 34 vessels, with a total of 33,700 tons net, in 1925. During the year 1926 there entered in the port of Jolo 216 vessels in the coastwise trade which represent a total of 38,672 tons net, as compared with 153 coastwise vessels, with an aggregate net tonnage of 33,786, in 1925; while 214 vessels were cleared from said port throughout the year, which represent 39,319 tons net, as against 156 vessels, with a total net tonnage of 33,934, in 1925.

Thirty-seven vessels in the coastwise trade were newly documented in this port which altogether represent 333.89 tons net. Licenses were issued to 89 vessels during the year, of which 74 were for the coastwise trade and 15 for the bay and river traffic.

Fifteen arrests were made during the year for violation of the customs, immigration, and opium laws which resulted in 12 convictions, 2 dismissals, and 1 pending at the close of the year. The penalty imposed in all such convictions totaled three months imprisonment and fine of ₱333. The following articles were seized in this port during the year: 360 grams prepared opium; 5 bottles Chinese medicine; 17 grams opium pills; 1 opium pipe; 1 opium needle; 1 lamp; 41 bottles Chinese wine; 2 cases whisky; 140 packages Chinese playing cards; 30 packages Chinese tobacco; 4 bottles perfume; 2 boxes soap; and 1 automatic pistol caliber .25.

PORT OF DAVAO

The port of Davao, which was formerly comprised within the Zamboanga collection district, has been created, opened, and established, like the port of Legaspi, as a subport of entry, effective January 1, 1926, by virtue of Act No. 3260 and Executive Order No. 56 of the Governor General, series of 1925.

The total customs collections of this port during the year 1926 reached the amount of ₱114,005.42, while the internal revenue receipts during the same period amounted to ₱855.41 only. All the amount so collected as internal revenue specific tax went to the general fund.

The foreign trade of this port during the year under review, which is the first since its organization, amounted to ₱11,847,131, of which ₱197,712 represent the value of imports and ₱11,649,419 that of exports, showing a balance of trade in the amount of ₱11,451,707 in favor of the port.

The princ pal articles imported and exported from this port during the year are as follows:

Imports and exports at the port of Davao

IMPORTS

Article	1926
Cotton goods	₱42,919
Vegetable products	26,136
Fish and fish products	21,981
Meat and dairy products	18,816
Fertilizers	9,784
All other	78,076
Total	197,712

EXPORTS

Abaca	₱10,950,338
Copra	696,615
Rubber	1,791
All other	675
Total	11,649,419

Sixteen vessels in the foreign trade with a total net tonnage of 63,430 entered direct in this port from foreign countries, while 46 vessels aggregating 182,899 tons net cleared for foreign countries direct, and 59 vessels totaling 228,097 tons net and 30 vessels with an aggregate net tonnage of 113,543 entered in and cleared for other ports of entry, respectively. During the year there also entered 120 vessels in the coastwise trade with an aggregate net tonnage of 48,423, while the same number of vessels were cleared during the same period with a total net tonnage of 48,365. Philippine vessels numbering 21 were newly documented in this port with an aggregate net tonnage of 45.69, of which 2 were for the coastwise trade and 19 were for the bay and river traffic. Licenses were issued to 38 vessels with an aggregate net tonnage of 241.03. Of the vessels so licensed 3 were for the coastwise trade and 35 for the bay and river business.

PORT OF LEGASPI

Like the port of Davao, the port of Legaspi has been created, opened, and established as a collection district, effective January 1, 1926, by virtue of Act No. 3227 of the Philippine Legislature and Exeutive Order No. 56 of the Governor General, series of 1925. The port of Legaspi formerly belonged to the Manila collection district.

The customs collections of this port during the year under consideration amounted to ₱170,137.53, while the internal revenue receipts reached the amount of ₱141,133.67, of which ₱37,756.60 went to the general fund and ₱103,377.07 went to the highways special fund.

The total foreign trade of the port of Legaspi throughout the year amounted to ₱5,306,033, of which ₱1,242,175 represent the value of imports, and ₱4,063,858 that of exports. There was, therefore, a balance of trade amounting to ₱2,821,683 in favor of the port.

The following are the principal articles imported and exported from this port:

Imports and exports at the port of Legaspi

IMPORTS

Article	1926
Rice	₱519,487
Gasoline	393,729
Kerosene	269,372
Coal	33,944
Lubricating oil	12,426
All other	13,217
Total	1,242,175

Imports and exports at the port of Legaspi—Continued

EXPORTS

Copra	₱3,967,190
Lumber	96,390
All other	278
Total	4,063,858

During the year 5 vessels in the foreign trade, with a total net tonnage of 18,594, entered in this port direct from foreign ports, and 21 of such vessels, aggregating 72,713 tons net, entered from other ports of entry; while 15 vessels engaged in the foreign trade, with a net tonnage totaling 51,745, cleared direct for foreign ports, and 9 of such vessels, with an aggregate net tonnage of 32,516, cleared through other Philippine ports of entry. During the same period vessels in the coastwise trade numbering 410, with a total net tonnage of 146,040, entered in the port of Legaspi, and 413, with a total net tonnage of 158,724, cleared from said port. Thirty-seven vessels were newly documented at this port during the year, with a total net tonnage of 178.62, of which 10 were for the coastwise trade and 27 for the bay and river traffic. Licenses were issued to 234 vessels, with a total net tonnage of 1,665.60, of which 56 were for the coastwise trade and 178 for the bay and river business.

BUREAU OF INTERNAL REVENUE

COLLECTIONS

According to sources, the collections made by the bureau of internal revenue for the years 1925 and 1926 were as follows:

Item	1925	1926
Excise tax:		
Domestic—		
Distilled spirits	₱4,631,114.90	₱4,663,442.79
Fermented liquors	343,640.00	336,220.00
Manufactured tobacco	387,415.00	395,730.59
Cigars	292,442.81	310,008.39
Cigarettes	5,772,026.75	5,900,280.60
Matches	1,868.00	12,726.00
Wines and imitations	233,801.58	235,247.36
Playing cards	50.00	30.00
Cinematographic films	216.61	738.35
Total	11,662,575.65	11,854,404.08
Coal and coke	10,415.17	5,679.73
Total excise taxes—Domestic	11,672,990.82	11,860,083.81
Imported—		
Distilled spirits	317,218.93	336,211.50
Fermented liquors	38,661.91	40,367.24
Manufactured tobacco	205,051.03	196,646.29
Cigars	4.95	4.35
Cigarettes	606,108.53	592,150.59
Matches	503,949.48	416,686.03
Wines and imitations	121,046.95	133,601.14
Skimmed milk	2,073.80	188.60
Playing cards	229,197.96	154,417.46
Cinematographic films	43,987.95	46,155.99
Total	2,067,301.49	1,916,429.19
Kerosene or petroleum	1,023,982.57	1,009,881.62
Naphtha, gasoline and all lighter products of distillation	1,658,790.86	1,687,240.35
Lubricating oils	273,509.19	295,852.51
Total	2,956,282.62	2,992,974.48
Medicinal preparations containing prohibited drugs	47.92	45.72
Coal and coke	213,689.32	247,131.93
Total excise taxes—Imported	5,237,321.35	5,156,581.32
Total excise taxes—Domestic and imported	16,910,312.17	17,016,665.13

Item	1925	1926
License, business, and occupation taxes:		
Brewers	₱3,016.00	₱2,615.54
Distillers	19,193.00	19,907.09
Rectifiers	13,445.00	11,385.00
Retail liquor dealers	43,654.50	44,267.00
Retail vino dealers	235,850.75	242,120.05
Wholesale liquor dealers	108,769.00	113,967.50
Retail dealers in fermented liquors	38,972.52	40,896.88
Retail dealers in tuba, bassi, tapuy, etc	287,768.12	286,324.45
Wholesale dealers in fermented liquors	21,826.00	22,755.05
Dealers in manufactured tobacco	339,186.25	362,364.68
Manufacturers of chewing and smoking tobacco	1,358.00	1,330.00
Manufacturers of cigars and cigarettes	2,270.40	2,257.60
Wholesale peddlers of manufactured tobacco products	10,672.00	11,810.00
Wholesale peddlers of alcoholic products	9,214.00	9,414.00
Retail peddlers of manufactured tobacco products	5,515.00	5,480.00
Retail peddlers of alcoholic products	2,146.00	2,053.04
Retail leaf tobacco dealers	141,305.25	138,611.97
Repackers of distilled spirits and wines	6,445.00	6,720.00
Total	1,290,606.79	1,324,309.85
Merchants and manufacturers (1 per cent)	11,345,906.63	11,683,929.28
Peddlers and merchandise (1 per cent)	579,519.25	583,620.98
Merchants, manufacturers, and peddlers of merchandise (one-half of 1 per cent, Act No. 3243)	5,836,081.96	5,907,350.42
Printers and publishers	30,284.42	32,061.81
Common carriers	175,577.46	199,292.38
Contractors, warehousemen, and others	771,338.39	749,520.61
Total	18,738,708.11	19,155,775.48
Commercial brokers	157,929.57	168,464.19
Stockbrokers	18,652.84	19,333.77
Real-estate brokers	16,502.83	18,279.93
Customs and immigration brokers	2,595.00	2,790.00
Pawnbrokers	20,410.00	23,030.00
Theaters, museums, cinematographs, and concert halls	30,739.50	33,400.00
Circuses	855.00	791.87
Billiard rooms	23,045.38	25,037.80
Lawyers, medical practitioners, architects, land surveyors, engineers, and public accountants	114,584.84	124,362.02
Chiropodists, manicurists, tattooers, and masseurs	1,672.50	1,820.00
Pharmacists and farriers	22,601.00	24,611.25
Race tracks	7,900.00	8,050.00
Cockpits	714,537.22	726,538.50
Cockfights	126,746.89	133,718.73
Opticians and dental surgeons	16,003.00	18,168.00
Midwives and cirujanos ministrantes in medicine and dentistry	2,506.15	2,870.78
Procuradores judiciales, business agents, insurance agents, and subagents	24,396.00	30,031.00
Photographers, engravers, and professional appraisers or connoisseurs of tobacco, etc	17,109.50	19,748.00
Veterinarians	240.00	290.00
Money lenders	28,375.00	30,492.98
Total	1,347,462.22	1,411,828.82
Banks and bankers	1,393,039.01	1,388,878.53
Insurance companies	98,144.89	90,930.43
Mines	33,806.67	42,392.35
Registered dealers in prohibited drugs	17,773.35	18,624.42
Sponge fisheries	175.08	339.17
Firearms license fees	121,769.28	127,379.02
Pearl fisheries	4,260.00	4,302.50
Sparring or boxing exhibitions	6,045.00	11,830.00
Weights and measures	176,479.28	185,158.52
Total	1,851,492.56	1,869,894.94
Total license, business and occupation taxes	23,228,269.68	23,761,809.09

Item	1925	1926
Cedulas:		
Class A. Regular at ₱1	₱27, 167. 00	₱29, 695. 00
Class B. Delinquent at ₱2	13, 984. 00	12, 550. 00
Class D. Special at ₱1	572. 00	574. 00
Class E. Fines	86. 00	261. 00
Class F. Regular at ₱2	4, 249, 248. 00	4, 348, 108. 00
Class G. Delinquent at ₱4	723, 376. 00	701, 256. 00
Class H. Special at ₱2	24, 112. 00	23, 320. 00
Class I. Road and bridge tax, ₱1	14. 00	12. 00
Class K. Delinquent road and bridge tax, ₱2	20. 00	26. 00
Class L. Delinquent from May 1 to June 30, ₱1.50	1, 911. 00	2, 322. 00
Class M. Delinquent from May 1 to June 30, ₱3	167, 769. 00	136, 608. 00
Class N. Delinquent from May 1 to June 30, ₱1.50	1. 50	3. 00
Total cedulas	5, 208, 260. 50	5, 254, 735. 00
Franchise taxes	386, 050. 82	398, 782. 86
Income tax	3, 336, 923. 82	3, 959, 139. 89
Documentary stamp tax	634, 864. 58	684, 565. 83
Inheritance tax	300, 572. 55	489, 019. 79
Incidental revenue:		
United States interval revenue collected in the Philippines	1, 748, 669. 60	1, 022, 745. 91
United States internal revenue collected in the United States		21, 745. 56
Revenue from public forests—		
First-group timber	319, 680. 91	344, 967. 65
Second-group timber	85, 880. 18	104, 398. 27
Third-group timber	459, 245. 16	516, 516. 70
Fourth-group timber	144, 852. 95	168, 705. 20
Firewood (bacauan and tangal)	29, 450. 43	29, 954. 01
Firewood (other wood)	20, 153. 37	22, 040. 09
Minor forest products	142, 133. 72	168, 047. 07
Lease of forest lands	125. 19	221. 68
Total revenue from public forests	1, 201, 521. 91	1, 354, 850. 67
Miscellaneous stamp collections	466. 87	592. 53
Service income:		
Justice of the peace fines and fees	383, 782. 74	419, 137. 60
Tobacco inspection fees	159, 493. 56	160, 642. 60
Grand total	53, 499, 188. 80	54, 544, 432. 46

APPORTIONMENT OF INTERNAL REVENUE TAXES AND OTHER COLLECTIONS MADE BY THE BUREAU OF INTERNAL REVENUE

Pursuant to the provisions of the internal revenue allotment law (chap. 19 of Act No. 2711), the collections made by the bureau of internal revenue accrue to the insular, provincial, and municipal governments in the following manner:

Item	Accruing to—		
	Insular	Provincial	Municipal
1925			
Excise taxes:			
Domestic—			
Alcohol and tobacco products	₱11, 653, 892. 04		
Matches	8, 522. 00		
Playing cards	37. 20		
Cinematographic films	124. 41		
Coal and coke	10, 415. 17		
Total	11, 672, 990. 82		
Imported—			
Alcohol and tobacco products	1, 288, 092. 30		
Matches	503, 949. 48		
Skimmed milk	2, 073. 80		
Playing cards	229, 197. 96		
Cinematographic films	43, 987. 95		
Kerosene or petroleum	1, 023, 982. 57		
Naphtha, gasoline, etc	1, 658, 790. 86		
Lubricating oils	273, 509. 19		
Coal and coke	213, 689. 32		
Medicinal preparation containing drugs	47. 92		
Total	5, 237, 321. 35		
Total excise taxes	16, 910, 312. 17		

Item	Accruing to—		
	Insular	Provincial	Municipal
License, business and occupation taxes:			
Dealers in alcohol and tobacco products	₱1,002,838.67		₱287,768.12
Merchants, manufacturers, common carriers, etc	12,902,616.15		
One-half of 1 per cent tax under Act No. 3065	5,052,473.77	₱283,752.85	299,855.34
Occupations, trades, and professions	431,173.23		916,333.99
Banks and bankers	1,393,039.01		
Insurance companies	98,144.89		
Mines	33,806.67		
Registered dealers in prohibited drugs	17,773.35		
Boxing or sparring exhibitions	6,000.00		
Sponge fisheries	35.02	68.03	72.03
Pearl fisheries		4,140.00	120.00
Weights and measures		83,087.88	93,391.40
Firearm tax under Act No. 3097	121,769.28		
Total license, business, and occupation taxes	21,259,670.04	371,048.76	1,597,540.88
Cedulas		3,714,940.00	1,493,320.50
Franchise taxes	154,804.73	12,662.69	218,583.40
Income tax	3,336,923.82		
Documentary stamp tax	634,864.58		
Inheritance tax	300,572.55		
Internal revenue allotment	(3,164,083.55)	1,538,280.63	1,625,802.92
Total revenue from taxation	39,433,064.34	5,636,932.08	4,935,247.70
Incidental revenue:			
United States internal revenue collected in the Philippines	1,748,669.60		
Revenue from public forests	1,201,521.91		
Rental on lands containing gas or petroleum			
Miscellaneous stamp collections	466.87		
Service income:			
Justice of the peace fines and fees	376,008.37		7,784.37
Tobacco inspection fees	159,493.56		
Grand total	42,919,224.65	5,636,932.08	4,943,032.07
1926			
Excise taxes:			
Domestic—			
Alcohol and tobacco products	11,840,849.73		
Matches	12,786.00		
Playing cards	30.00		
Cinematographic films	738.35		
Coal and coke	5,679.73		
Total	11,860,083.81		
Imported—			
Alcohol and tobacco products	1,298,981.11		
Matches	416,686.03		
Skimmed milk	188.60		
Playing cards	154,417.46		
Cinematographic films	46,155.99		
Kerosene or petroleum	1,009,881.62		
Naphtha, gasoline, etc		1,687,240.35	
Lubricating oils		295,852.51	
Coal and coke	247,131.93		
Medicinal preparation containing drugs	45.72		
Total	3,173,488.46	1,983,092.86	
Total excise taxes	15,033,572.27	1,983,092.86	
License, business, and occupation taxes:			
Dealers in alcohol and tobacco products	1,037,985.40		286,324.45
Merchants, manufacturers, common carriers, etc	13,248,425.00		
One half of 1 per cent tax under Act No. 3067	5,316,615.58	287,198.43	303,536.41
Occupations, trades, and professions	469,311.92		942,516.90
Banks and bankers	1,388,878.53		
Insurance companies	90,930.43		
Mines	42,392.35		
Registered dealers in prohibited drugs	18,624.42		
Boxing or sparring exhibitions	11,830.00		
Sponge fisheries	67.85	135.65	135.67
Pearl fisheries		4,342.50	
Weights and measures		86,195.38	98,963.14
Firearm tax under Act No. 3097	127,379.02		
Total license, business, and occupation taxes	21,752,440.56	377,871.96	1,631,496.57

Item	Accruing to—		
	Insular	Provincial	Municipal
Cedulas		₱3,743,540.00	₱1,511,195.00
Franchise tax	₱154,255.14	13,755.49	230,772.23
Income tax	3,959,139.89		
Documentary stamp tax	684,565.83		
Inheritance tax	489,019.79		
Internal revenue allotment	(3,164,083.55)	1,538,280.63	1,625,802.92
Total revenue from taxation	38,908,909.93	7,656,540.94	4,999,266.72
Incidental revenue:			
United States internal revenue collected in the Philippines	1,022,745.91		
United States internal revenue collected in the United States	21,745.56		
Revenue from public forests	1,354,850.67		
Miscellaneous stamp collections	592.53		
Service income:			
Justice of the peace fines and fees	406,689.90		12,447.70
Tobacco inspection fees	160,642.60		
Grand total	41,876,177.10	7,656,540.94	5,011,714.42

NOTE.—The provincial shares of the cities of Manila and Baguio are considered as municipal funds.

In view of the operation of Act No. 3248, effective January 1, 1926, the proceeds from the tax on lubricating oils, naphtha, gasoline, and all other lighter products of distillation, which formerly pertained to the insular government, are now an additional source of revenue for the local governments. This fact accounts for the decrease of ₱1,043,047.55 in the share of internal revenue collections accruing to the insular government for 1926, the insular share for this year being ₱41,876,177.10 while that for 1925 was ₱42,919,224.65.

COST OF COLLECTION

During the last 10 years the cost of collection for each peso has been as follows: 1.51 centavos in 1917, 1.28 centavos in 1918, 1.31 centavos in 1919, 1.27 centavos in 1920, 1.80 centavos in 1921, 1.62 centavos in 1922, 1.49 centavos in 1923, 1.40 centavos in 1924, 1.50 centavos in 1925, and 1.57 centavos in 1926. The net cost to the insular government for the operation of the bureau of internal revenue during the year 1926 was ₱856,089.47. The total internal revenue collection during 1926 amounted to ₱54,544,432.46, thereby making the unit cost of operation of the bureau of internal revenue 1.57 centavos for each peso of tax collected, as compared with 1.50 centavos in 1925.

ALCOHOLIC PRODUCTS

Distilled spirits.—During the fiscal years 1925 and 1926 the quantities of distilled spirits removed from distilleries including those exempt from tax, as well as by-products such as fusel oil, were 19,971,076 proof liters and 24,922,406 proof liters, respectively, or an increase of 4,951,330 proof liters.

Taxes amounting to ₱336,211.10 were collected on 425,828 proof liters of imported distilled spirits in 1926, as against ₱317,218 collected on 402,561 proof liters in 1925.

The quantities of fusel oils removed for export to Japan during the years 1924 and 1925 were 11,589.75 and 5,060.15 gauge liters, respectively. These quantities were produced from 23,529 and 9,227 proof liters of distilled spirits. No fusel oil was produced or exported during the year 1926.

On December 31, 1926, there were in operation throughout the islands 83 registered stills of modern type, as compared with 80 in operation on December 31, 1925, 80 on December 31, 1924, 79 on December 31, 1923, 77 on December 31, 1922, and 86 on December 31, 1921.

Wines.—The local consumption of still wines and imitation wines was 1,609,653 gauge liters in 1925 and 1,658,203 gauge liters in 1926, or a per capita consumption of 0.14 and 0.14 gauge liter, respectively.

Fermented liquors.—The quantities in gauge liters of domestic and imported beer, on which taxes were collected during the years 1925 and 1926, were,

respectively, 3,823,019.10 and 3,765,872.40, or a per capita consumption of 0.32 gauge liter and 0.31 gauge liter. In addition to the quantity of fermented liquors removed for local consumption, local brewers produced during the years 1925 and 1926, 60,706.80 and 80,565.40 gauge liters, respectively.

TOBACCO PRODUCTS

Smoking and chewing tobacco.—The following table shows the quantities of domestic and imported smoking and chewing tobacco on which taxes were collected during the years 1925 and 1926:

Kind	1925			1926		
	Domestic	Imported	Total	Domestic	Imported	Total
	Kilos	*Kilos*	*Kilos*	*Kilos*	*Kilos*	*Kilos*
Smoking tobacco	446,347	46,612	492,959	460,311	43,246	503,557
Chewing tobacco	247,736	368,925	616,661	255,547	355,428	610,975
Total	694,083	415,537	1,109,620	715,858	398,674	1,114,532

During the years 1925 and 1926 local manufacturers produced 29,410 and 28,250 kilos of smoking tobacco, respectively, which were removed for export to foreign countries.

Stripped and partially manufactured tobacco.—During the years 1925 and 1926, 857,077 and 837,276 kilos of stripped and partially manufactured tobacco were removed for export.

Leaf tobacco.—In 1925, 16,109,295 kilos of leaf tobacco were exported in comparison with 13,972,961.500 kilos exported in 1926, or a decrease of 2,136,333.500 kilos.

Cigarettes.—The total production of cigarettes during the years 1925 and 1926 were 4,849,000.815 and 4,954,572,127 cigarettes, respectively. Of the first number, 4,801,149.350 cigarettes, or 99.01 per cent, were consumed in the Philippines; 46,739.145 cigarettes, or 0.97 per cent, were exported to foreign countries, and 1,112.320 cigarettes, or 0.02 per cent, were shipped to the United States. During 1926, 4,903,210,975 cigarettes, or 98.96 per cent of the total production, were consumed in the Philippines; 49,188.402 cigarettes, or 0.99 per cent, were exported to foreign countries; and 2,172,750 cigarettes, or 0.05 per cent, were shipped to the United States.

MATCHES

During 1925, 4,645 gross boxes of domestic matches and 1,259,873.69 gross boxes of imported matches were removed for domestic consumption, as compared with 30,890 gross boxes of domestic matches and 1,041,715.12 gross boxes of imported matches removed in 1926. The decrease in the collection of the tax on imported matches is attributable to the fact that dealers in matches made use during 1926 of the stock corresponding to the previous year.

LICENSE, BUSINESS, AND OCCUPATION TAXES

Dealers in alcohol and tobacco products.—There were collected as privilege taxes on dealers in alcohol and tobacco products during 1926, ₱1,324,309.85, as against ₱1,290,606.79 collected during 1925, an increase of ₱33,703.06, or 2.61 per cent. Of the total collections from this source, 30.23 per cent was paid by dealers in distilled spirits and wines, 37.83 per cent by dealers in tobacco products, 26.43 per cent by dealers in fermented liquors, tuba, basi, tapuy, etc., and 5.51 per cent by manufacturers and peddlers of liquors and tobacco products, as against 30.09 per cent, 37.23 per cent, 27.01 per cent, and 5.67 per cent, respectively, for 1925.

Merchants, manufacturers, common carriers, etc.—There were collected as percentage taxes on merchants, manufacturers, common carriers, and other persons subject to the percentage taxes of 1 per cent during the fiscal year 1926, together with the one-half of 1 per cent provided by Acts Nos. 3065 and 3243, the former as amended by Act No. 3183, ₱19,155,775.48, as against ₱18,738,708.11

collected during the fiscal year 1925, or an increase of ₱417,067.37, or 2.23 per cent. The amount paid by merchants, manufacturers, and peddlers represented 94.88 per cent of the total collections; by printers, publishers, contractors, warehousemen, hotel and restaurant keepers, 4.08 per cent; and by common carriers 1.04 per cent in 1926, as compared with 94.78 per cent, 4.28 per cent, and 0.94 per cent, respectively, for 1925.

Occupations, trades, and professions.—Privilege taxes were collected in the amount of ₱1,411,828.82 in 1926, as against ₱1,347,462.22 during 1925, or an increase of ₱64,366.60, or 4.78 per cent. Of the total collections in 1926, 60.93 per cent was paid by proprietors of cockpits; 14.60 per cent by commercial, stock, and real-estate brokers; and 24.47 per cent by lawyers, doctors, civil engineers, surveyors, and other professionals, as against 62.44 per cent, 14.33 per cent. and 23.23 per cent, respectively, for 1925.

By the provisions of the internal revenue law, the privilege-tax collections from owners of cockpits and the taxes on cockfights accrue entirely to the treasuries of the various municipalities in which such taxes are collected. Nine hundred and four municipalities and townships availed themselves of the provisions of the law authorizing the imposition by municipal councils of additional taxes on cockpits. The rates of additional privilege taxes thus imposed range from ₱6 to ₱16,000 per annum. There were 163 municipalities, townships, and municipal districts in which no cockpit-tax receipts were issued during the year 1926.

CEDULAS

There were collected as cedula taxes during the year 1926, ₱5,254.735, as against ₱5,208,260.50 collected during the preceding year, or an increase of ₱46,474.50, or 0.89 per cent. During 1926 there were sold 2,444,689 cedulas and in 1925 2,409,181 cedulas, or an increase of 35,508 cedulas.

BANKS AND BANKERS

The following comparative statement, based upon taxes assessed and collected, shows the average amount of capital employed by, average amount of deposits with, and average amount of circulation of banks during the period from July 1, 1924, to June 30, 1925, and from July 1, 1925, to June 30, 1926:

	July 1, 1924, to June 30, 1925	July 1, 1925, to June 30, 1926
Average capital	₱34,728,692.63	₱32,240,410.89
Average deposits	143,786,610.26	135,753,744.76
Average circulation	39,826,255.39	37,647,071.24

INSURANCE COMPANIES

The following table, based on the statements rendered, shows the total amount of each kind of insurance on which premiums were paid and the average rate of premiums paid during the calendar years 1924 and 1925:

	1924		1925	
	Total amount of insurance	Average rate of premium	Total amount of insurance	Average rate of premium
		Per cent		*Per cent*
Fire	₱336,180,955.52	0.97	₱350,703,371.53	1.09
Marine	380,039,773.37	.46	569,277,085.61	.42
Life	38,536,930.00	----------	53,787,320.21	----------
Accident	1,749,595.00	1.72	1,603,085.00	1.90
Fidelity and surety	18,264,242.62	1.40	22,522,557.64	1.26
Typhoon and earthquake	21,178,590.00	.47	30,031,283.00	.40
Motor cars	2,204,050.00	3.05	2,710,511.00	3.14
Personal baggage	149,925.00	.94	207,365.00	.92
War (marine)	16,524,202.00	.23	15,298,466.00	.21

INCOME TAX

During the year 1926 the income-tax collection amounted to ₱3,959,139.89, which shows an increase of ₱622,216.07 over that for the year 1925, which amounted to ₱3,336,923.82. During 1926 there were filed 20,277 individual returns and 5,049 corporation returns, as compared with 18,277 individual returns and 4,738 corporation returns filed in 1925. The taxable individual returns filed in 1926 reported net incomes aggregating ₱102,049,898.80, and the exempt individual returns showed net incomes amounting to ₱22,734,498.91, as compared with ₱88,499,336.31 reported in taxable individual returns and ₱20,714,605.74 shown in exempt individual returns filed in 1925. The net incomes declared in the taxable corporation returns filed in 1926, amounting to ₱58,774,444.83, also showed an increase of ₱8,850,661.21 over those reported in the returns filed in 1925, which amounted to ₱49,923,783.62. The increase in income-tax collections during 1926 was due partly to the cooperation which the field men in the income-tax division have received not only from the provincial and deputy provincial treasurers, but also from the taxpayers themselves who have shown willingness to have their tax obligations to the government settled.

INHERITANCE TAX

There were collected in 1926 ₱489,019.79 as taxes and penalties on inheritances, legacies, and other acquisitions mortis causa, in comparison with ₱300,572.55 collected during the previous year, or an increase of ₱188,447.24. There were 1,379 inheritance tax returns filed in 1926 in which the total net inventoried values of the estates covered thereby amounted to ₱14,123,222.12, as compared with 878 returns filed in 1925, which showed a total of net inventoried values of the estates thereby covered amounting to ₱10,569,077.10.

FRANCHISE TAX

Of the total collection of ₱398,782.86 as franchise taxes in 1926, ₱154,255.14 accrued to the insular government, ₱191,860.01 to the city of Manila, ₱13,755.49 to Provinces, and ₱38,912.22 to other municipalities.

PEARL FISHING

Under the provisions of Act No. 2604, there was collected during 1926 the amount of ₱4,362.50, as compared with ₱4,260 collected in 1925, or an increase of ₱102.50. This collection accrued intact to the treasuries of the respective Provinces where collected.

SPONGE FISHING

Pursuant to Act No. 2584, the fees and penalties for sponge fishing during 1926 amounted to ₱339.17, of which 20 per cent, or ₱67.83, accrued to the insular treasury, 40 per cent, or ₱135.67, to the provincial treasuries, and 40 per cent, or ₱135.67, to the municipal treasuries concerned.

FIREARMS FEES

The total amount of firearms fees collected in 1926 amounted to ₱127,379.02, as compared with ₱121,769.28 collected in 1925. The 1926 collection consisted of ₱119,815.19 as taxes and ₱7,563.83 as penalties, while the 1925 collection consisted of ₱114,135.42 as taxes and ₱7,633.86 as penalties.

SPARRING OR BOXING EXHIBITIONS

Under the provisions of Act No. 2984, the taxes and penalties collected on sparring or boxing exhibitions during 1926 amounted to ₱11,830, as compared with ₱6,045 collected during 1925, or an increase of ₱5,785.

THE TOBACCO-PROMOTION WORK OF THE BUREAU

The Philippine cigar trade in the United States.—During 1926 there were exported to the United States a total of 205,995,581 cigars, as compared with 212,873,752 cigars exported to that country during 1925, or a decrease of

6,878,171 cigars. This decrease may be attributed to the keener competition being met by Philippine cigars in the United States, due to the decrease of the tax rates on cigars, effective March 29, 1926, which now enables the manufacturers there to market a product at prices at which Philippine cigars are retailed in that market, and also to the strike of the cigar makers which lasted more than two months in four of the largest cigar factories in Manila during the latter half of the year 1926. The cause of the strike was the lowering of wages proposed by the managements as a result of the reduction of the tax rates on cigars in the United States, mentioned above, and the lower prices offered by the importers in that market.

The Philippine tobacco trade in China.—In connection with the ordinance presented before the China Tariff Conference during the latter part of 1925 imposing increased duties on tobacco products imported into China, the following information has been received by his excellency the Governor General of the Philippine Islands from the American minister in China:

"The original proposal of the Chinese delegation was that cigarettes and tobacco should be subject to import taxes of 35 per cent. After much negotiation we finally succeeded in getting them to reduce the proposed increased surtax to 22½ per cent on cigarettes and 17½ per cent on leaf tobacco, which, when added to the existing rate of 5 per cent, make totals of 27½ per cent and 22½ per cent, respectively. Obviously, cigarettes are luxuries and must bear the highest rate fixed by the Chinese schedule.

"It is the intention of the Chinese Government to equalize the tariff on foreign cigarettes by imposing an excise tax on the domestic product, so that the foreign product will be fairly competitive with the domestic in the Chinese markets. Doubtless the Philippine tobacco interests know that the tariff assessed upon cigarettes and tobacco in other countries, generally speaking, is very much higher than that proposed in the Chinese interim tariff.

"At the present time it appears unlikely that negotiations respecting the proposed interim surtax treaty with China (entailing the surtaxes of 22½ per cent and 17½ per cent mentioned above) can be concluded before next winter. The most that it seems possible to accomplish before the summer is to implement the Washington treaty, providing for increasing existing tariff rates by the addition of surtaxes of 5 per cent on luxuries and 2½ per cent on necessaries."

The tobacco board.—The proposition of changing the present method of advertising Manila cigars in general in the tobacco trade papers in the United States to another plan of advertising has been taken up by the board. In this connection the following plan was accepted and approved by the board:

"Beginning January 1, 1927, the present mode of general advertising in the United States shall be discontinued and in place thereof the brands of the different factories shall be featured.

"The money available for advertising shall thus be expended in the interest of each manufacturer in proportion to the amount of United States internal-revenue taxes paid.

"The allotment shall be half yearly based upon taxes paid during January-June or July-December preceding respectively meeting of the tobacco board, and shall be applied to the corresponding period after said meeting.

"To carry out the spirit of the law—i. e., to increase the sale of better grades of cigars in the interest of the local industry—all factories manufacturing cigars for the American market shall agree:

"1. That no cigar brand or shape that sells for less than 5 cents in retail shall be entitled to advertising space. Any manufacturer who obtains such advertising space contrary hereto shall suffer the withdrawal of the privilege granted herein for a period of one year.

"2. Factories to whom the bureau of internal revenue had to refuse guarantee stamps three times, owing to bad cigars being prepared for shipments, or factories against whom three justified claims have been filed with the tobacco agent in the United States shall forfeit the advertising allotment for one year.

"3. Any unexpended funds accumulated from violations under the preceding paragraphs shall revert to the general fund.

"4. Factories shall be entitled to compose the text of their advertisement, if so desired, or designate the kind of cigars to be advertised, all of which shall be furnished to the collector of internal revenue for the transmittal to the tobacco agent in New York.

"5. For obvious reasons it shall be necessary to expend half of the advertising allowance in the trade papers in the United States.

"6. The individual wishes of the factories shall be taken care of as much as possible and publications desired may be specified.

"7. Instead of alloting the number of pages that may be available for any factory, the money value may be specified as the advertising rates are very much at variance in different publications.

"8. The collector of internal revenue shall not be responsible for any errors in transcripts or errors committed by the tobacco agents.

"9. The law designating the collector of internal revenue to enforce the provisions thereof, his decision in the matter of advertising shall be accepted as final by all parties."

No final action on the above plan has been taken, because the recommendation thereon of the Manila Tobacco Association which was solicited by the board had not yet been received at the time this report was written.

BUREAU OF PRINTING

ACTIVITIES

As provided by law all printing and binding work requisitioned by the insular, provincial, and municipal governments consisting of varous official and accounting forms, pamphlets, and publications of different nature were executed during the year as well as the printing of public documents for sale, such as Public Laws, Philippine Reports, Executive Orders and Proclamations corresponding to the preceding year, Official Roster of 1926, Revised Administrative Code of 1917, Joint Legislative Report on Education, and the regular issues of the Official Gazette in English and Spanish editions, three times a week. The printing of about 1,700,000 postage stamps of various denominations for the commemoration of the new legislative building and of the Journal of the Proceedings of the Philippine Senate and House of Representatives with an average issue of 20 pages each published daily for the first time during the session of the Philippine Legislature has also been undertaken. Electrotype plates and photo-engraving work such as copper and zinc half tones, line etchings, and color-process plates have also been made. An extraordinary increase in the production of three-and-four color half tones for the bureaus of education and science which caused the craftsmen employees to work an extended overtime was noted during the year.

All the foregoing printing and binding work during the year were executed under 14.299 work orders, of which 8,477, amounting to ₱719,380.75, were for the insular government; 3,453, amounting to ₱273,723.87, for the provincial governments, including the city of Baguio; 1,285, amounting to ₱41,380.30, for the city of Manila; and for private parties, 1,084, amounting to ₱27,181.27.

APPRENTICESHIP SYSTEM

The instruction and training of apprentices appointed five or six years ago in the different specialties of the trade were continued during the year and their advancement from one class to the next higher through regular technical examination was made. Of the 66 apprentices in the service of this bureau mentioned in the last annual report 58 have graduated during the year, 1 died, 1 resigned, and 1 secured transfer to the Philippine Constabulary. The remaining 5 apprentices are expected to graduate within a few months. It is earnestly hoped that favorable action upon the recommendation made by this office for the salary promotions of the 58 graduated apprentices mentioned above will be taken by the department of finance at an early date, as it is but fair and just to give them the compensation commensurate with the duties and responsibilities of a regular craftsman.

PERSONNEL

There were 481 employees on the rolls of the bureau of printing on December 31, 1926, including the 5 apprentices who are undergoing instruction in the different divisions. This bureau has no native employee of the non-Christian tribes detailed in the special Provinces.

During the year there had been 18 employees dropped from the rolls of this bureau. Of this number, 3 died, 5 voluntarily resigned, 4 retired, and 6 dropped for desertion of posts.

FISCAL OPERATION

The product of the bureau of printing for the fiscal year 1926, as during the previous year, was charged at the same uniform scale of prices, the total amounting to ₱1,123,337.67. During that period the cost of operation (Table No. 1) was ₱917,221.26, making a profit of ₱206,116.41. Deducting from this amount the total loss of ₱5,405.18 incurred during the year on account of the revaluation of printing paper as provided in Act No. 3063, there still remains a net profit of ₱200,711.23.

Record of deliveries.—The extent of the work of the delivery section is shown by the following table, the corresponding figures for the fiscal years 1922, 1923, 1924, and 1925, being also given:

Method of transportation	Number of packages	Pounds	Method of transportation	Number of packages	Pounds
By auto trucks (Manila):			By freight:		
1922	33,301	555,916	1922	2,724	413,045
1923	41,489	611,935	1923	2,910	428,510
1924	43,766	708,690	1924	2,943	418,365
1925	40,492	673,761	1925	3,680	536,560
1926	38,074	776,591	1926	3,415	475,195
By mail (including periodicals):			Total:		
1922	363,465	62,813	1922	399,490	1,031,774
1923	377,502	52,664	1923	421,901	1,093,109
1924	393,472	58,604	1924	440,181	1,185,659
1925	401,651	50,672	1925	445,823	1,260,993
1926	405,415	51,433	1926	446,904	1,303,219

Consumption of materials.—The cost of the printing paper (including envelopes, shipping tags, bristol board, cardboard, and tagboard) and all other supplies required for operation and which entered into the product during the year was ₱355,391.91 or ₱35,922.83 less than the amount expended during the preceding year 1925. Included in the consumption of materials for the year are printing inks of various colors, cloth and leather of different kinds for binding purposes, the quantity and cost of which are as follows:

		Quantity	Cost
Printing inks	pounds	3,706	₱3,947.29
Cloth for binding	yards	16,787	12,687.33
Leather for binding	skins	1,502	9,666.56

The following is a comparative statement of the quantity of paper consumed during the fiscal year 1903 and the last seven years:

Year	Book, writing bond, and ledger paper		Bristol board and cardboard		Envelopes
	Ream	Pound	Sheet	Pound	Number
1903	7,201	347,164	48,530	15,808	192,000
1920	28,891	1,220,442	592,472	73,669	7,891,313
1921	19,801	877,669	439,099	115,728	6,717,920
1922	14,596	638,632	366,207	94,227	6,127,624
1923	19,286	796,511	342,885	67,568	6,997,978
1924	19,251	820,716	348,318	85,682	7,720,281
1925	20,401	902,535	307,381	87,188	7,387,447
1926	22,726	1,014,693	261,266	79,650	8,207,422

Quantity of books and pamphlets printed and bound.—There have been printed during the year 636,851 pads, 1,030,680 pamphlets over 16 pages, and 6,917 blank books. A total of 21,784 books of various sizes ordered for binding only were received.

Appropriation Acts Nos. 3227 and 3325.—The appropriation Act No. 3227 for the fiscal year 1926 provided the bureau of printing with the amount of ₱1,239,553. Additional appropriation in the amount of ₱9,000 has been granted this bureau during the year, under Act No. 3325, to cover necessary expenses incurred in connection with the daily publication of the journal of both houses during the session of the Philippine Legislature. The policy adopted by this bureau to use cheap quality of paper as far as practicable for all classes of printing and binding work received in this office and the exercise of rigid economy in the expenditures of supplies and printing materials during the year were partly responsible for the great saving made in the item of consumption of supplies and materials.

Receipts and expenditures.—The following comparative statement shows the income, cost of operation, including depreciation of machinery and other equipment, and net profits of the bureau during the fiscal years 1903 and 1920 to 1926, inclusive, together with the per capita of each year's receipts and expenditures:

Year	Receipts	Expenses	Profits	Per capita upon—	
				Receipts	Expenditures
1903	₱443,920.20	₱395,446.92	₱48,473.28	₱0.0581	₱0.0517
1920	1,957,091.68	1,654,276.32	302,815.36	.1813	.1532
1921	1,565,512.39	1,408,156.07	157,366.32	.1417	.1275
1922	1,557,832.07	1,289,290.02	268,542.05	.1379	.1141
1923	1,253,250.63	1,136,724.63	116,526.00	.1087	.0986
1924	1,091,177.63	1,013,954.50	77,223.13	.0928	.0863
1925	1,166,123.27	941,998.89	224,124.38	.0972	.0785
1926	1,123,337.67	917,221.26	206,116.41	.0927	.0757

Status of fiscal affairs.—Table No. 2 shows in detail the status of the fiscal affairs of the bureau at the beginning and end of the fiscal year 1926. Included in the current assets and kept for sale by the bureau of printing are the Official Gazette and public documents, the selling prices of which amounted to ₱265,868.92 on December 31, 1926.

Documents and supplies.—Public documents and publications and miscellaneous supplies to the value of ₱55,422.12 were sold during the year.

There was a debit balance for the Official Gazette (English) of ₱21,075.11; documents, ₱148,604.61. There was a credit balance for the Gaceta Oficial (Spanish) of ₱34,286.46. On December 31, 1926, there were 1,036 paid and 135 free subscribers to the Official Gazette and 1,306 paid and 61 free subscribers to the Gaceta Oficial.

Stock forms.—For the purpose of economy and for the convenience of requisitioners, this bureau, in accordance with section 1647 of the Administrative Code, keeps in its sales stock printed copies of various official and accountable forms regularly used by the insular, provincial, and municipal governments. There were printed during the year and delivered into stock, blank forms computed at ₱234,457.48. During the same period issues from stock amounted to ₱224,936.68.

Census Reports.—This bureau is in charge of the sale of this publication. The following table shows the number of copies of each volume sold during the year as well as the number of copies still on hand December 31, 1926:

Volume	English edition		Spanish edition	
	Number of copies sold	Number of copies on hand	Number of copies sold	Number of copies on hand
Appendix:				
Paper	1	5,218		
Cloth		831		
Russia		1		
Volume I:				
Paper	7	95		
Cloth	8	2,474		
Russia	1	4		
Volume II:				
Unbound		71		54
Paper	10	1,483	1	4,507
Volume III:				
Unbound		52		49
Paper	6	1,505	1	4,472
Russia				5
Volume IV, part 1:				
Paper			1	3,598
Cloth	4	1,331		869
Russia	1	108		73
Volume IV, part 2:				
Unbound		15		22
Paper	7	1,564		4,595
Total	45	14,752	3	18,244

As may be seen from the above statement, only 48 copies (45 English and 3 Spanish) of the census reports were sold during the year in spite of the fact that the selling prices had been reduced to almost one-half of the original cost to push the sales.

As had been stated in the last annual report of this bureau, the prompt disposal of these reports other than through sale should be made if the Government desires to get the greatest benefit thereof, as the data contained therein are becoming obsolete as the years pass by. The disposal of 32,996 census volumes at present on hand will greatly relieve the congested state of the storeroom of this bureau.

Outstanding obligations.—The outstanding obligations on December 31, 1926, amounting to ₱169,920.63, are divided as follows:

Contingent—Requisitions for printing paper, equipment, and supplies (estimated)		₱102,647.04
Accounts payable:		
Accrued leave earned	₱33,730.09	
Extra compensation (bonus) earned	30,505.40	
Return transportation (Act No. 80)	300.00	
Freight on printing and binding shipments	2,494.54	
All other	243.56	
Total accounts payable		67,273.59
Total liabilities		169,920.63

In Table No. 3 are shown the consumers of the product of the bureau of printing and the cost to each of the work executed for the fiscal year 1926 compared with the same information for 1925.

TABLE No. 1.—*Operating statement for the fiscal year 1926, compared with that of 1925*

INCOME

	Jan. 1 to Dec. 31, 1925	Jan. 1 to Dec. 31, 1926
Printing and binding services:		
Insular government	₱665,027.34	₱715,983.12
Provincial and municipal governments	359,714.95	273,723.87
City of Manila	44,339.62	41,380.30
Other Government offices	5,756.84	3,397.63
United States Army and Navy	96.08	49.16
Private firms and individuals	28,519.78	27,132.11
Subtotal	1,103,454.61	1,061,666.19
Sales of supplies:		
Documents	33,781.48	25,454.02
Official Gazette	11,100.90	12,448.10
Gaceta Oficial	15,218.40	15,674.80
Miscellaneous	3,182.50	1,845.20
Subtotal	63,283.28	55,422.12
Total sales of supplies and services	1,166,737.89	1,117,088.31
Deduct cost of goods sold	(361,093.86)	(268,726.44)
Gross profit on sales	805,644.03	848,361.87
Incidental receipts	2,570.88	2,717.33
Production account	357,644.96	271,937.90
Fabricated equipment	263.40	320.57
Gross income	1,166,123.27	1,123,337.67

EXPENSE

Salaries of officers and employees	₱58,460.80	₱59,257.67
Wages of laborers and apprentices	430,091.77	432,175.58
Traveling expenses of personnel	2,258.50	2,092.56
Freight, express, and delivery service	5,080.87	4,691.25
Postal, telephone, telegraph, and cable service	3,222.88	3,040.00
Illumination and power service	1,298.08	481.44
Other services	3,787.53	3,952.35
Consumption of supplies and materials	391,314.74	355,391.91
Free distribution of documents	9,917.65	9,167.00
Maintenance of equipment	1,330.97	803.10
Depreciation of equipment	33,659.25	45,412.75
Deterioration of supplies and sales stock	56.88	755.67
Extraordinary losses	1,518.97	----------
Gross expense	941,998.89	917,221.26
Gross profit	224,124.38	206,116.41
Less loss on account of revaluation of printing paper	15,381.87	5,405.18
Net profit	208,742.51	200,711.23

TABLE No. 2.—*Financial statement at the close of business during fiscal years 1925 and 1926*

	Status Dec. 31, 1925	Status Dec. 31, 1926	Increase	Decrease
Fixed assets:				
Land	₱129,612.00	₱129,612.00		
Buildings	329,572.82	329,572.82		
Machinery and other equipment	888,774.19	890,115.54	₱1,341.35	
Accrued depreciation	(611,911.09)	(640,385.48)	(28,474.39)	
Capital account	736,047.92	708,914.88	(27,133.04)	
Current assets:				
Printing paper	230,771.38	294,598.01	63,826.63	
Other materials	156,468.61	157,792.81	1,324.20	
Work in process	19,523.49	31,249.74	11,726.25	
Sales stock	263,704.86	259,531.21		₱4,173.65
Prepayment	33.48	33.51	.03	
Accounts receivable	241,348.92	213,730.51		27,618.41
Cash in insular treasury	(827,996.33)	(877,926.03)	(49,929.70)	
Cash in hands of officers	732.47	452.94		279.53
Total	84,586.88	79,462.70	26,947.41	32,071.59
Total of all assets	820,634.80	788,377.58	(185.63)	32,071.59
Liabilities: Fixed capital	736,047.92	708,914.88		27,133.04
Current Liabilities:				
Accured leave	32,079.84	33,730.09	1,650.25	
Extra compensation	30,217.40	30,505.40	288.00	
All other	22,289.64	15,227.21		7,062.43
Total liabilities	820,634.80	788,377.58	1,938.25	34,195.47
Reversion of receipts	1,184,392.44	1,128,756.25		55,636.19

TABLE No. 3.—*Printing and binding executed and delivered during the period from January 1, to December 31, 1925 and 1926*

	Cost of work executed	
	1925	1926
Governor General:		
Bureau of audits	₱12,217.31	₱14,063.49
Board of accountancy	276.47	72.40
General purpose fund	4.38	9.88
Bureau of civil service	3,880.98	3,163.08
Executive appropriation	13,422.20	11,019.53
Pensionado fund, care of office of the Governor General		2.50
Office of the Vice Governor General		9.00
Department of the Interior:		
Bureau of non-Christian tribes	825.69	557.35
Philippine General Hospital	8,325.59	8,783.67
Southern Island Hospital		5.75
Philippine Constabulary	14,854.27	18,411.73
Executive bureau	3,547.23	1,948.62
Board of examiners	810.47	1,111.12
Office of the public welfare commission	10,101.76	12,141.24
Metropolitan water district	5,756.84	3,397.63
Philippine board of examiners for civil engineers		1.85
National Congress on Tuberculosis		48.51
Department of public instruction:		
Bureau of education	39,854.29	63,350.01
Philippine health service	41,900.10	38,381.86
Bureau of quarantine service	253.14	583.87
University of the Philippines	11,696.57	13,854.28
College of Argiculture	1,451.75	1,100.55
College of Engineering	308.30	115.80
College of Liberal Arts	524.95	591.60
College of Fine Arts	17.00	18.80
College of Law	628.40	377.35
College of Medicine	1,125.35	495.10
College of Veterinary Science	329.56	72.05
College of Conservatory of Music	202.80	122.70
College of Education	455.85	359.49
Junior College, University of the Philippines, Cebu	287.89	301.79
Library, University of the Philippines	389.55	458.30
Department of military science		7.30
Forest School, University of the Philippines	63.34	27.20
School of Pharmacy		106.00
Educational survey board	6,347.85	5,800.00

TABLE No. 3.—*Printing and binding executed and delivered during the period from January 1, to December 31, 1925 and 1926*—Continued

	Cost of work executed	
	1925	1926
Department of finance:		
Bureau of customs	₱13,514.87	₱15,498.77
Bureau of internal revenue	55,053.49	60,813.36
Treasury bureau	4,422.76	4,110.68
Bureau of printing	9,690.70	9,738.17
Bureau of printing sales stock:		
Stock forms	183,009.45	283,547.43
Gaceta Oficial	13,916.16	7,986.82
Official Gazette	12,845.00	7,722.53
Executive bureau	23,792.20	13,844.82
Judiciary	27,036.55	15,536.15
Miscellaneous	2,580.65	2,661.95
Manila harbor board	7.60	2.78
Textbooks board	18.00	----------
Department of justice:		
Bureau of justice	23,283.38	23,041.46
Board of public utility commissioners	1,491.21	3,319.56
Inferior courts	1,499.90	2,330.10
Philippine Library and Museum	925.45	1,427.03
Bureau of prisons	7,571.43	4,879.61
Supreme court, clerk	2,570.76	2,237.76
General land registration office	16,215.92	19,234.60
Gaceta Oficial land notices	10,017.91	9,328.49
Official Gazette land notices	8,038.33	11,595.43
Segregation	9.75	12.45
Department of agriculture and natural resources	20.63	----------
Bureau of agriculture	24,096.06	27,932.96
Rice colonization and plantation fund, Act No. 2818	32.30	171.99
Stock herds and farms	28.60	8.00
Fiber standardization board	----------	355.58
Bureau of forestry	9,453.14	6,269.96
Bureau of lands	36,932.65	43,394.38
Bureau of science	42,991.71	37,611.46
Weather bureau	13,744.26	13,679.66
Provincial government party fund	----------	1.06
Department of commerce and communications	----------	4.89
Bureau of public works	41,239.49	23,438.65
Bureau of posts	104,958.93	100,289.28
Bureau of supply	8,618.57	9,275.31
Division of cold storage	3,150.92	3,652.24
Bureau of labor	3,319.03	4,159.19
Bureau of coast and geodetic survey	585.29	1,220.95
Bureau of commerce and industry	25,838.61	15,696.70
City of Manila:		
Municipal board	6,056.47	4,513.95
Department of city schools	1,183.22	1,183.46
The city treasurer	4,488.39	2,778.02
Department of engineering and public works	4,816.59	4,777.11
Fire department	1,088.95	758.61
Department of law—		
City fiscal	1,408.35	1,089.65
Court of first instance	3,644.18	3,915.04
Notices in the Official Gazette	153.00	172.74
Municipal court	1,684.40	1,518.06
Sheriff of Manila	396.55	449.76
Department of police	2,140.62	4,341.40
Department of finance	15,021.60	14,529.07
Accounting section	117.23	----------
City Boys' Reformatory	17.55	----------
Insane asylum	86.12	----------
Office of the physician	20.50	29.70
Office of the mayor	456.51	364.58
District auditor's office	352.53	207.30
Law department	4.00	106.00
Department of public recreation	32.05	58.34
Department of assessment	399.37	500.60
Calamity relief board	346.95	----------
Tourist fund	420.80	----------
City sanitarium	3.69	86.91
House of representatives	20,742.47	39,731.28
Philippine Senate	10,560.34	33,296.18

TABLE No. 3.—*Printing and binding executed and delivered during the period from January 1, to December 31, 1925 and 1926*—Continued

	Cost of work executed	
	1925	1926
Provinces:		
Abra	₱3,250.03	₱2,252.01
Agusan	2,242.30	1,444.82
Albay	10,229.79	9,493.02
Antique	4,020.91	3,076.77
Bataan	2,821.76	3,081.47
Batanes	1,414.45	554.18
Batangas	10,429.47	7,694.90
Bohol	11,999.84	8,475.17
Bukidnon	1,845.68	769.42
Bulacan	8,640.10	8,655.97
Cagayan	8,498.65	5,848.32
Capiz	11,858.35	10,210.74
Cotabato	3,614.32	1,908.98
Cavite	6,152.22	4,210.14
Cebu	21,613.39	14,342.90
Cebu Southern Island Hospital		36.85
Camarines Sur	7,307.22	4,332.15
Camarines Norte	2,195.28	2,127.02
Davao	5,227.05	2,968.31
Davao health fund		161.45
Ilocos Norte	8,313.84	6,261.77
Ilocos Sur:		
Provincial treasurer	8,289.62	5,486.11
Muncipal treasurer	60.62	3.00
Iloilo	21,157.73	16,176.87
Isabela	3,201.80	2,922.24
Laguna	9,540.29	6,676.85
Provincial Hospital	59.13	
Lanao	1,751.89	2,689.90
Leyte	15,414.32	18,738.35
Masbate	1,840.62	1,874.47
Mindoro	3,119.60	2,990.43
Misamis	8,986.44	5,819.91
Mountain	4,910.47	4,504.28
Insular aid health fund	118.60	148.25
Marinduque	2,697.82	1,987.17
Negros Occidental	14,671.69	7,766.45
Negros Occidental Hospital		15.05
Negros Oriental	5,944.50	9,520.26
Nueva Ecija	11,369.52	8,690.80
Nueva Vizcaya	2,931.45	2,035.42
Pampanga	11,107.85	6,971.93
Pangasinan	23,466.18	14,181.28
Pangasinan Provincial Hospital		73.20
Palawan	2,210.30	1,276.24
Rizal	10,856.48	7,140.95
Romblon	2,038.87	1,467.42
Samar	8,408.27	6,964.15
Sorsogon	6,015.39	5,511.18
Surigao	6,191.87	1,921.88
Sulu	2,474.06	1,342.97
Tarlac	8,917.95	8,056.30
Tayabas	12,006.08	10,033.32
Provincial Hospital	33.14	
Union	6,740.74	4,210.72
Zambales	2,976.70	2,150.62
Zamboanga	6,194.40	5,422.57
City of Baguio	2,314.75	1,046.97
Department of the United States Army and Navy	96.08	49.16
Private firms and individuals	28,519.78	27,132.11
Total	1,376,333.62	1,402,716.51

Respectfully submitted.

MIGUEL UNSON,
Acting Secretary of Finance.

His Excellency the GOVERNOR GENERAL,
Manila.

DEPARTMENT OF JUSTICE

MANILA, *April 1, 1927.*

SIR: In compliance with the provisions of section 91 of the Administrative Code, I have the honor to submit the following report on the work of the department of justice for the year ending December 31, 1926.

OFFICE OF THE SECRETARY OF JUSTICE

Personnel.—There have been no changes in the personnel of the department of justice during the year covered by this report.

Bills submitted.—Among the bills submitted or indorsed by the department of justice during the last session the most important ones passed by the legislature are those now known as Acts Nos. 3304, 3316, 3334, and 3345:

"An act to amend section 1 of Act No. 2589, entitled 'An act providing for a gratuity by reason of retirement of officers and employees of the Philippine government who have rendered satisfactory service during six continuous years or more, and for other purposes.'"

"An act to amend certain provisions of Act No. 3108, as amended, entitled 'An act creating a public utility commission and prescribing its duties and powers, and for other purposes.'"

"An act to amend the provisions of section 161 and 171 of the Administrative Code, relative to the judiciary, and for other purposes."

"An act to create the twenty-eighth judicial district and reorganize the twenty-first and twenty-fifth judicial districts, and to designate the permanent stations of the judges thereof and the periods when court shall be held in the Provinces of said districts."

Convention of judges.—With a view to promoting the spirit of cooperation that should exist among the members of the bench, and for the purpose of discussing matters of vital interest affecting the judicial organization in the islands, a convention of judges was inaugurated at the city of Baguio from April 12 to 16, 1926, at the initiative of the department of justice. The main reason that has prompted the department of justice in calling this convention was to enhance the administration of justice in the islands. All efforts have been directed toward the accomplishment of this end, several important measures having been adopted in line with the policy of the government for a speedy and impartial trial and disposition of the cases. At the invitation of the department of justice, high government officials have addressed the convention, namely, his excellency the Governor General; Hon. Ramon Avanceña, chief justice of the supreme court; Hon. Manuel Roxas, speaker of the house of representatives; Associate Justices Charles A. Johns, Thomas A. Street, James A. Ostrand, and Antonio Villareal, and Attorney Gabriel La O, in representation of the Philippine Bar Association. Quoted hereunder is the main part of the address of the honorable chief justice of the supreme court touching on the administration of justice in the inferior courts;

"* * * I am gratified to be able to express here my opinion that the judges of first instance are giving the people a wise, upright, and, in general, speedy administration of justice. As I understand it, a speedy or prompt administration of justice does not mean the shortening of the time that a case requires to be disposed in accordance with justice, but the extension of the time given to the transaction of the business of the court by greater efforts and activity on the part of the judge. The idea involved in the term 'speedy administration of justice' can never be construed to justify precipitate action, which is dangerous. In order to be good, the administration of justice must not only be speedy but also just. I believe that you are performing your duties in accordance with these principles and are entitled to the confidence of the people.

"According to the report of the department of justice, the courts of first instance dispatched in 1924 more cases than there were filed during that year, which means that they disposed of much work left over from preceding years. During the following year a greater number of cases was filed and the number of cases dispatched relatively smaller; but upon going over the reports of the previous years I have come to the conclusion that if we combine the years and consider the work of the courts as a whole the administration of justice can generally be said to be speedy. Conditions are unfavorable in this respect in our country. It consists of thousands of islands; many pueblos are cut off from communication with the place where the court holds sessions, and there is no appropriation for the travel and subsistence expenses of poor witnesses. All these circumstances naturally result in delay in the transaction of the business of the court. However, judging by what has been accomplished to date, the judges have made an effort to overcome these difficulties wherever possible, and I have no doubt that conditions will improve after the resolutions passed by this convention.

"Referring to the work of the judges, I find the following data: During the year 1924, that is, from July, 1924, to July, 1925, the decisions were revoked in 283 of the 1,362 cases carried in appeal to the supreme court, which represents 20 per cent. I believe the negative value of this proportion should be reduced still further, taking into consideration that many of these decisions were revoked only by a majority vote, some members of the court sustaining the decisions appealed from. But I also believe that in judging the merit of the work of the judges we must consider the proportion of decisions revoked by the supreme court not to the number of cases appealed from, but to the total number of decisions rendered by the courts, which was 23,785 in 1924, because with regard to the decisions not appealed from the presumption is that they were just and correct, as we may consider the losing party have accepted them, since under our laws all decisions of the courts of first instance with the exception of certain election cases are appealable and there are provisions of law favoring appeals by poor litigants. Taking, therefore, the proportion of the decisions revoked by the supreme court to the total number of decisions rendered by the courts of first instance, we find that the former amount to scarcely 2 per cent of the latter, so that 98 per cent of the decisions rendered by the courts of first instance can be presumed to have been just, some because they were accepted by the losing party and the others because they were confirmed by the supreme court. I have not made any reference to the decisions that were modified, because these were confirmed in substance and the modifications were of little importance, consisting only in extensions of the penalty and in the consideration of modifying circumstances, which are almost always matters of mere discretion. Moreover, their number is such that it does not alter the proportion mentioned.

"I have given you this information not in order to flatter you but with the idea that this achievement will stimulate you to maintain your record and improve it in the future. What I can say in view of this is that, in my opinion, the corps of judges of first instance of the Philippine Islands is a guaranty for the proper administration of justice, an honor to the people, and an argument in favor of its capacity."

ADMINISTRATION OF JUSTICE

SUPREME COURT

Personnel.—There have been no changes in the personnel of the supreme court.

Business transacted.—There were 726 civil and criminal cases pending at the beginning of the year and 1,834 filed during the same year, as compared with 648 and 1,736 pending and filed, respectively, during the previous year. During the same year there were 1,686 civil and criminal cases disposed of, against 1,658 of the previous year, or an increase of 28 cases, in spite of the fact that there were more cases filed in 1926 than in 1925. At the end of the year there were 6 cases pending decision, which, added to the 868 cases pending submission at the end of the year, make a total of 874 civil and criminal cases pending at the end of 1926, against 726 cases pending at the end of 1925, or an

increase of 148, this increase being due to the greater number of cases filed in 1926.

There were admitted during the year 1,105 applicants to take the bar examination as against 567 of the previous year. Out of 1,105, 1,055 were present at the examination, 194 having passed the bar examination against 366 of the previous year.

There were 346 notaries public appointed by the court during the year as against 369 appointed during the previous year.

Collections.—The fees, fines, court costs, and bar-examination fees collected during the year aggregate the sum of ₱58,021.86 as compared with ₱44,756.06 collected during the previous year. or an increase of ₱13,265.18.

During the year 34 complaints were filed looking to the suspension or disbarment of 34 attorneys at law against 24 complaints filed during the previous year. Out of this number, 26 were disposed of, 6 referred to the attorney general for investigation and recommendation, and 2 still pending consideration by the court. There were also filed during the year four complaints against four judges of first instance, all of which were disposed of by the court.

COURTS OF FIRST INSTANCE

Reorganization.—By Act No. 3345, recently passed by the legislature, which creates the twenty-eighth judicial district, another district judge is added to the 39 district judges heretofore existing, thus completing to 55 the total number of the judges of first instance, including the 15 auxiliary judges. This act also reorganizes the nineteenth, twenty-first, and twenty-fifth judicial districts. The Province of Leyte, which formerly composed the nineteenth judicial district, is now divided, segregating the southern part therefrom in order to form the new district with the Province of Bohol, which is also segregated from the Province of Oriental Negros, with which also composed formerly the twenty-first judicial district. The Province of Lanao, which formerly composed, with the Provinces of Misamis and Bukidnon, the twenty-fifth judicial district, is now comprised within the twenty-first judicial district with the Province of Oriental Negros. By this arrangement under the new law the twenty-fifth judicial district is now composed of two Provinces only, namely, Misamis and Bukidnon, instead of three as heretofore. By the creation of a new district and the division of the Province of Leyte and the segregation of the Province of Lanao from the twenty-fifth judicial district it is expected that the congestion of cases in the courts of first instance affected will greatly be relieved, particularly in the Provinces of Leyte and Misamis. In fact, the condition of the court dockets in these two Provinces has not altogether been satisfactory and has constantly stirred the attention of the department of justice.

Another important measure recently passed by the legislature is Act No. 3334, changing the places and terms of court. Following the recommendations of the judges of the respective judicial districts, the department of justice submitted this measure to the legislature in the belief that the changes proposed thereby will bring about better results in the administration of justice. Under the old law much difficulty has been encountered by the judges in the transaction of the business of the court, as the terms fixed by law for certain Provinces happened to coincide with the unfavorable condition of the weather, lack of means of transportation, or the bad condition of the roads, thus delaying the dispatch of the cases in the court. With the changes introduced by the new law it is believed that the difficulties as experienced by the judges in the past in their respective districts will be overcome.

Another important act affecting the judiciary is Act No. 3304, amending the Osmeña retirement act by incorporating an additional proviso relative to the members of the judiciary providing for a double annual gratuity of that fixed by the old law for the members of the bench. This measure was indorsed by the department of justice as a compromise measure in view of the failure of this office to secure the legislative sanction on a proposed pension law for the members of the judiciary. The department of justice hopes that the benefits granted by this new Act No. 3304 will induce in the future men better qualified for the judiciary.

Slight changes were also made by Act No. 3320 in the salaries of certain judges of first instance, increasing the salaries of the judges of the twenty-second and twenty-sixth judicial districts from ₱9,000 to ₱10,000 per annum.

Personnel.—Judge Adolph Wislizenus died on November 11, 1926. By his death the judiciary lost one of its active and efficient members. He had such high conception of his official duties that he had been working until the last days of his existence in spite of his illness, sacrificing his health and personal interest for the sake of public welfare. His long service record on the bench has been very satisfactory.

In April of 1926 Judge Vicente Nepomuceno, of the fifth branch of the ninth judicial district, retired by operation of the law, he having reached 65 years, the age limit upon tenure of office fixed by law for judges of first instance. It is to be regretted that by reason of age the department of justice would have to be deprived of the services of Judge Nepomuceno, as until the time of his severance from the government he has proved to be highly efficient, with full capacity to discharge the duties of a good judge as well as a young one could do.

During the year there have been many changes by way of promotions, transfers, and new appointments as follows:

Judge Leopoldo Rovira, promoted from auxiliary judge, with station at Iloilo, to judge of the eighth judicial district, at the same salary, August 9, 1926.

Judge Eulogio P. Revilla from judge of the seventh judicial district, with station at Malolos, Bulacan, at ₱9,000 per annum, to judge of the fifth branch, ninth judicial district, at ₱10,000 per annum, November 23, 1926.

Judge Pablo Borbon, from judge of the fifteenth judicial district, with station at Legaspi, Albay, at ₱9,000 per annum, to the second branch, fourteenth judicial district, at ₱10,000 per annum, August 9, 1926.

Judge Serviliano Platon, from auxiliary judge, with station at Lucena, Tayabas, at ₱8,000 per annum, to judge of the fifteenth judicial district, with station at Legaspi, Albay, at ₱9,000 per annum, August 9, 1926.

Judge Pedro Rich, from judge of the twenty-seventh judicial district to judge of the twenty-eighth judicial district, at the same salary, December 14, 1926.

Judge Jose M. Quintero, from judge of the eighth judicial district to auxiliary judge, with station at Lucena, Tayabas, at same salary, August 9, 1926.

Attorney James Vickers, judge of the first branch, twenty-eighth judicial district, at ₱10,000 per annum, December 28, 1926.

Judge Nicolas Capistrano, reappointed judge of the twenty-first judicial district.

Judge Candelario Borja, reappointed judge of the twenty-fifth judicial district.

These two reappointments were made in accordance with the provisions of section 9 of the new Act No. 3345, creating the twenty-eighth judicial district and reorganizing the twenty-first and the twenty-fifth judicial districts, which provide that one judge shall be appointed for the twenty-first judicial district and another judge for the twenty-fifth judicial district.

Business transacted.—During the year covered by this report there were docketed in the different courts of first instance 46,210 cases, of which 22,881 were pending at the beginning of the year and 23,329 filed during the year, between civil and criminal, as compared with 45,892 cases docketed during the previous year, of which 22,275 were the cases pending at the beginning of the year 1925 and 23,617 cases filed during the said year. Out of the 46,210 cases docketed in 1926, 22,901 cases were disposed of as against 23,056 cases disposed during the previous year, or a decrease of 155 cases, while the cases pending at the end of the year were 23,309, against 22,836 of the previous year, or an increase of 473 more cases pending at the end of 1926. As may be seen from the above figures, there were less cases disposed of by the courts during the year 1926 than in 1925, 155 being the difference. This difference may be traced to the fact that there were 318 more cases docketed in 1926 than in 1925, and to the vacancies in four courts during the year, namely, the fifth branch of the ninth judicial district, which vacated upon retirement of Judge Nepomuceno from April to November 25, 1926; the first branch of the twentieth judicial district, which vacated from October to December 28, 1926, by the death of Judge Wislizenus; the twenty-fourth judicial district, due to the absence of Judge Jalbuena during the whole year 1926: and the auxiliary judgeship of Iloilo, which vacated from August until the end of 1926, due to the transfer of Judge Rovira to the eighth judicial district. Up to the date of this report, April 1, 1927, the 55 positions, of which the corps of judges of first instance is composed, have been filled, and this fact, the department of justice believes, coupled with the

creation of an additional position of judge of first instance, the reorganization of the nineteenth, twenty-first, and twenty-fifth judicial districts and the enactment of Act No. 3334, will do much to relieve in the future the congestion of cases in the courts.

Receipts and expenditures.—During the year the total collection made by the courts from costs, fines, and fees amounted to ₱341,950.40, against ₱327,056.78 of the previous year, or an increase of ₱14,893.62, while the expenses for salaries and wages and other miscellaneous expenses amounted to ₱1,871,611.82, against ₱1,882,070.48 of the previous year, or a decrease of ₱10,458.66.

Expenses per capita of the inferior courts.—The expenses per capita of the inferior courts of the Philippine Islands during the year 1926 were ₱0.158, which is about the same as that of the preceding year. The following is a statement of the expenses per capita of the inferior courts for the fiscal years 1925 and 1926:

Fiscal year	Estimated population	Total expenses	Per capita expenses
1925	11,847,899	₱1,882,070.48	₱0.158
1926	12,008,386	1,871,611.82	.155

JUSTICE OF THE PEACE COURTS

Personnel.—During the year there were appointed 165 justices, auxiliary justices, and ex officio justices of the peace. This great number of appointments was due to the fact that many of the ad interim appointments submitted to the senate were not acted upon by that body, and it is the policy of the Governor General to reappoint these whose appointments are not acted upon by the senate. During the same year there were 207 justices and auxiliary justices of the peace complained against, 12 being suspended and 14 removed from office. There are several administrative cases, including those received during the months of January and February, 1927, pending review and recommendation by the department.

Business transacted.—A supplementary report on the work of the justices of the peace throughout the islands will be submitted as soon as the data on hand are completed.

BUREAU OF JUSTICE

Personnel.—There have been no important changes in the personnel of the bureau of justice.

Business transacted.—During the year there were 43 cases of extraordinary legal remedies handled by the attorney general. Of these 43 cases, 8 were mandamus, 4 injunctions, 1 prohibition, 5 quo warranto, 3 certiorari, and 16 habeas corpus, and the rest cases instituted to seek remedy under section 513 of the Code of Civil Procedure. Of the 8 mandamus cases the government won 5, lost 1, and the other 2 still pending decision—1 in the supreme court of the islands and the other in the Supreme Court of the United States. In the 4 injunction cases the government won 2, lost 1, and the rest is still pending decision in the court. The one prohibition case was decided against the government. In the 5 quo warranto cases the court decided 2 in favor of the government, 1 against, and 2 still pending decision by the court. In the 3 certiorari cases the government won 2 and lost the other one. In the 16 habeas corpus cases oppositions were filed by the attorney general and 3 were granted, 6 denied, and the other 7 are on appeal in the supreme court. Of the 5 cases instituted under the provision of section 513 of the Code of Civil Procedure 4 were decided against the government and the other 1 in its favor. The attorney general also intervened in 6 cases on behalf of the public service commission, 5 of which are still pending decision by the court and 1 decided in favor of the commission. There were also handled by the bureau of justice 86 ordinary civil cases before the court of first instance and the municipal court of Manila, besides the 38 ordinary civil cases handled in the courts of first instance of the different Provinces and the 18 cases of foreclosure of mortgage for the bureau of lands, postal savings bank, and the defunct agricultural bank, these last cases involving an aggregate amount of ₱390,353.77.

There were also handled by the bureau 1,997 land cases, 1,353 ordinary land registration, and 643 cadastral cases, and 1 civil military and naval reservation case, and 54 naturalization cases, 30 of which were granted, 2 denied, 3 dismissed, 10 pending hearing, 7 pending decision, and 2 pending appeal to the supreme court. As legal adviser of the insular government and its officers the attorney general rendered during the year 200 opinions as against 291 of the previous year. He also prepared 48 contracts of mortgage, involving an aggregate amount of ₱544,500, for the Philippine Postal Savings Bank; 5 contracts of mortgage for the teachers' pension and investment board of the bureau of education, involving an aggregate amount of ₱527,000; 2 contracts of mortgage for the postal savings bank board, involving an aggregate amount of ₱40,900; and 3 contracts of discharge of mortgage for the Philippine Postal Savings Bank. The bureau also prepared 605 briefs, 255 arguments, and 1,304 motions filed in the supreme court. It also conducted 32 administrative investigations against practicing attorneys for unprofessional conduct and 16 administrative investigations against candidates for admission to the bar. The office also handled various collection cases for the different bureaus and offices of the government which involved an aggregate amount of ₱28,098.16.

Administration of estates.—There were undertaken by the attorney general the administration of the estates of 223 deceased Americans during the year. During the same period the administration of the estates of 162 deceased Americans were closed and 61 in process of settlement at the close of the year. The following is the statement of funds of the estates of Americans who died in the islands:

Balance Dec. 31, 1925	₱31,074.92	
Receipts during the fiscal year 1926	26,311.28	
		₱57,386.20
Payment to heirs and claims against the estates of deceased Americans	35,970.90	
Service income of the attorney general	369.00	
		36,330.90
Balance, Dec. 31, 1926		21,055.30
Total		57,386.20

Receipts and expenses.—The amount collected by the bureau from fines and other miscellaneous services during the year amounted to ₱3,657.34, against ₱628.16 of the previous year, or an increase of ₱3,029.18, while the expenses amounted to ₱191,580, besides the amounts of ₱529.23 for the maintenance and repair of the building occupied by the bureau and ₱1,400 paid to cover the rental of the additional building, as compared with ₱154,549.36 of the previous year.

GENERAL LAND REGISTRATION OFFICE

Personnel.—There have been no changes in the personnel of the office during the year covered by this report.

Business transacted.—There were issued during the year 1,758 decrees in ordinary land cases and 36,158 in cadastral cases, as against 1,754 and 30,618 decrees, respectively, in the preceding year, or an increase of 5,544 decrees. There were also issued by the office 1,686 notices involving 52,660 parties notified, against 1,332 involving 48,346 parties in the previous year and 1,498 certifications prepared, against 1,269 in 1925; 198 cadastral cases and 2,277 ordinary cases examined for publication and 1,620 cases examined for the issuance of decrees, as compared with 1,420 cases examined in the preceding year. There were also computed tie line of 3,461 lots of 2,582 plans filed in 1,446 cases as against 3,567 lots of 2,342 plans in 1,186 cases in the previous year, and 3,183 blue-print copies of plans made as against 3,817 copies made in the previous year. There were also issued by the office 373 orders to registers of deeds, against 290 in the previous year for the cancellation of the certificates of title and the issuance of new ones. There were also prepared and forwarded to the various registers of deeds 36,866 original certificates of title, with their corresponding owners' certificates, against 32,188 in the previous year.

Cases disposed of by the courts.—The following table shows the total number of land registration cases (cadastral cases excluded) disposed of by the courts up to December 31, 1926:

Fiscal years	Number of cases			
	Confirmed	Denied	Dismissed	Total
1903 (to June 30)	19		2	21
1903-4	204	9	15	228
1904-5	377	21	15	413
1905-6	646	38	26	710
1906-7	689	19	75	783
1907-8	767	29	35	831
1908-9	1,019	50	86	1,155
1909-10	885	30	80	995
1910-11	1,374	49	226	1,649
1911-12	830	24	61	915
1912-13	807	32	37	876
1913 (July 1-Dec. 31)	366	14	19	399
1914 (New F. Y.)	747	26	19	792
1915	999	20	28	1,047
1916	982	25	66	1,073
1917	928	25	32	985
1918	992	12	31	1,036
1919	1,002	9	34	1,045
1920	1,859	14	34	1,907
1921	1,614	9	47	1,670
1922	1,496	9	86	1,591
1923	1,969	35	175	2,179
1924	1,504	11	200	1,715
1925	1,296	13	118	1,427
1926	1,378	13	66	1,457
Total	24,749	537	1,613	26,899

The following table shows the status of all ordinary land cases on December 31, 1926:

Status on Dec. 31, 1926	Number of applications			
	Granted	Denied	Dismissed	Total
Decision, final	24,479	507	1,586	26,672
Decision, not final	143	8	11	162
Decision on appeal	127	22	16	165
Total transacted	24,749	537	1,613	26,999
Pending in the dockets				2,530
Total cases Dec. 31, 1926				29,529

Cadastral cases.—There were filed during the year 87 cadastral cases throughout the islands, comprising 32,687 lots, against 68 cases comprising 26,102 lots filed during the year 1925.

The following table shows the status of cadastral cases on December 31, 1926:

	Number of cases
1. Pending setting by the court	129
2. Already set but pending publication	13
3. Published but pending trial	20
4. Being tried or pending decision	87
5. Decision not final	101
6. Decision final but data are not complete for issuance of decree	40
7. Decrees issued pursuant to partial decisions	15
8. Decrees being prepared	27
9. All decrees issued except for a few lots lacking data	341
10. All decrees issued	84
Total	857

Manila cadastral and ordinary cases.—No application for ordinary or cadastral registration of land within the city of Manila was received, but those terminated, of which 3,228 were ordinary cases and 78 involving over 13,647 lots were cadastral cases, brought 463 motions and petitions of varied nature, which were acted upon by the office. There were also received 107 "consultas" of the registers of deeds, which were submitted to the judge of the fourth branch of the court of first instance of Manila for decision.

Registration of deeds.—The following table is a comparative statement of the work accomplished by the registers of deeds during the years 1925 and 1926:

Work accomplished	1925	1926
Certificates of title issued:		
Pursuant to decrees	29,493	28,931
Pursuant to patents	2,499	1,771
Pursuant to deeds of transfer	9,525	11,067
Instruments recorded under Act No. 496:		
Deeds of sale	6,481	8,757
Deeds of mortgage	3,358	4,523
Other instruments	7,584	8,955
Instruments recorded under the Spanish mortgage law:		
Deeds of sale	270	391
Deeds of mortgage	52	59
Other instruments	381	288
Instruments recorded under Act No. 2837:		
Deeds of sale	5,167	7,158
Deeds of mortgage	878	989
Other instruments	1,324	1,520
Number of instruments recorded under the chattle-mortgage law	8,177	10,081
Number of professional certificates recorded	35	62
Number of certificates of apportionment of water according to priority recorded	1,174	5,529
Number of certificates of water right recorded	5	16

Income and expenditure.—There were received by the office during the year ₱434,292.97, against ₱348,160.08 in the previous year, or an increase of ₱86,132.89. Of this collection ₱370,181.24 belonged to the offices of the registers of deeds, representing an increase of ₱92,858.86 over the previous year; ₱44,054.73 to the clerks of court, and ₱20,057 to the central office, while the expenditure of the office during the year amounted to ₱416,527.30, against ₱395,170.85 during the previous year. The increase in expenditure is, however, more than offset by the increase in income. As may be seen from the above figures, the general land registration office is a self-supporting one, giving a net income to the government of ₱17,765.67.

It is expected that in the succeeding year the fees collected by the registers of deeds will exceed those of the year covered by this report, due to the new fees required to be paid for the recording and registration of documents imposed by the new Acts Nos. 3300, 3301, 3315, 3318, and 3344.

PUBLIC SERVICE COMMISSION

Reorganization.—One of the most important bills submitted by the commission and recently enacted by the legislature is Act No. 3316. The approval of this measure was deemed necessary in order to relieve the congestion of cases pending before the commission and to cope with the ever-increasing activities of the commission. Under this new act the number of the commissioners is increased from two to three, the new one at a salary of ₱8,000 per annum. It also changes the name of the commission from that of public utility commission to public service commission. Another important feature of this measure is the placing of all garage cars under the jurisdiction of the commission.

Personnel.—There have been no important changes in the personnel of the commission during the year.

Business transacted.—The amount of work handled by the commission during the year has surpassed that of the previous year. This is due to the great number of utilities that came under the jurisdiction of the commission in 1926 as compared to that of 1925, and also the efforts exerted by the commission in enforcing its rules and regulations that the conditions of the certificates of public convenience granted to many operators are strictly complied with. There was recorded during the year the second greatest number of cases registered in a single year since the organization of the commission. During the

year there were filed with and handled by the commission 2,482 cases as compared with 2,493 of the previous year, said cases being classified as follows: 765 certificates of public convenience, 91 sales of property, 157 modifications in rates, 16 modifications on certificates of public convenience, 46 changes in itinerary and schedule, 663 special permits, 257 complaints filed against different utilities, 184 increases of equipment, 216 substitutions of equipment, 50 extensions of route and line, 1 authority to issue bonds, 13 conversions of automobiles into autotrucks, 8 orders to show cause why certificate of public convenience should not be amended, 1 adoption of new form of ticket, 4 approvals of mortgage contract, 4 changes of route, 3 adoptions of regulations and fixed tariff, 1 order to show cause why regulations should not be adopted, and 1 for modification of hours of service.

The following is a comparative statement of the number of cases filed since 1914:

1914	164	1921	518
1915	550	1922	488
1916	116	1923	1,144
1917	141	1924	1,862
1918	299	1925	2,493
1919	428	1926	2,482
1920	415		

Rate cases.—As a result of normalcy in industry and commerce the desire on the part of utilities to make a downward revision of existing rates continued up to 1926. While in 1925 there were 98 utilities that requested reduction of rates, in 1926, 157 utilities made similar request, the Manila Railroad leading the list, and following the Cebu Shipowners' Association and the Philippine Shipowners' Association. The reduction affected all vessels operating between the port of Cebu and those of other Visayan Islands and Mindanao, the reductions being from 15 to 10 per cent on passengers and from 50 to 40 per cent on freight of all articles produced or manufactured locally, and those vessels that formerly were making a surcharge of 20 per cent over and above the passenger rate are now authorized to make 15 per cent only, while those making surcharge of 30, 40, 50, and 75 per cent on freight are now charging 20, 30, 50, and 65 per cent, respectively.

Number of operating utilities.—There were registered during the year 2,812 utilities as compared with the 2,208 of the previous year, or an increase of 604 utilities, classified as follows:

Autotrucks and automobiles	1,902	Radio system	1
Bancas	22	Steamers and steamship lines	110
Electric plant	70	Street railways	1
Ferries	4	Telephone systems	39
Gas plants	1	Water systems	7
Ice plants	33	Wharves	28
Lorchas, pailboats, and sailboats	425		
Motor launches	165	Total	2,812
Railroads	4		

The above list includes insular, provincial, and municipal government-operating wharves, ice plants, electric systems, and transportation service, over which the commission likewise exercises jurisdiction and control. The increase of utilities is a good sign, as it indicates development in commerce and progress in industry.

Improvement in the service of utilities.—Due to the efforts of the commission, the transportation by water and land has greatly improved during the year. Many holders of certificates of public convenience have put modern equipments for their trucks and automobiles in order to meet the demand of the public; the service on automobiles, trucks, and railroads has been improved, and automobile and truck lines are now operating in practically all roads in the Philippine Islands.

Incomes and expenditures.—The total income of the commission from all sources amounted to ₱66,663.87 as against ₱65,978.36 of the previous year, or an increase of ₱685.51, while the expenses amounted to ₱97,375.86 as against ₱88,264.16 of the last year, or an increase of ₱9,111.70.

BUREAU OF PRISONS

Personnel.—Mr. Valentin Macasaet, assistant superintendent of Iwahig penal colony was designated on April 20, 1926, acting superintendent of the San Ramon prison and penal farm, and Mr. Eriberto B. Misa, assistant superintendent of San Ramon prison and penal farm, was designated acting assistant superintendent of the Iwahig penal colony. On August 1, 1926, Doctor Mañalac, chief of the prison sanitation division, resigned and was succeeded by promotion by Dr. U. Estrada, assistant chief of the division, whose position was also filled by promotion by Dr. Mariano Dimanlig, resident physician of the San Ramon prison and penal farm. Besides these, other less important appointments were made during the year.

Prison population.—The total number of insular and provincial prisoners on hand at the end of 1926 was 7,227 as against 6,733 in confinement at the end of the preceding year, or an increase of 494 prisoners. This increase is due to the greater number of prisoners received from the Provinces and to the smaller number of prisoners released during the year.

The following table shows the prison population of the Philippine Islands on December 31, 1926, distributed among the different places of confinement.

Bilibid prison	2,774	San Lazaro Insane Asylum	32
Iwahig penal colony	1,553	Luneta police station	60
Members of colonists' families	(242)	Insular prisoners working in provincial jails	26
San Ramon prison and penal farm	807	Confined in provincial jails	1,296
Working at Corregidor	592		
Constabulary stations	87	Total	7,227

The following is a comparative statement showing the number of prisoners in confinement on December 31, for the past six years:

	1921	1922	1923	1924	1925	1926
Bilibid prison	2,769	2,148	2,078	2,474	2,740	2,774
Iwahig penal colony	1,047	1,368	1,314	1,538	1,360	1,553
(Colonists' families)	(38)	(85)	(152)	(211)	(234)	(242)
San Ramon Prison and penal farm	655	767	699	628	707	807
Fort Mills Stockade, Corregidor	793	244	573	458	526	592
Philippine Constabulary stations	29	43	69	77	79	87
Philippine Training School for Boys	1	1	2	4		
Police stations, Manila	49	60	51	52	57	60
San Lazaro Insane Asylum	18	38	26	28	28	32
Insular prisoners working in provincial jails						26
Confined in provincial jails	1,590	1,296	1,343	1,237	1,236	1,296
Total	7,092	6,190	6,319	6,593	6,733	7,227

The following is a statement showing the changes of prisoners during the year 1926 in the different penitentiaries of the islands:

	Bilibid	San Ramon	Iwahig	Corregidor	Other stations
Present Jan. 1, 1926	2,740	707	1,360	526	164
Received during the year:					
By commitments	5,040	235			
By recapture	5				
By transfer from—					
Detention to sentenced prisoners and from sentenced prisoners to detention	719	14			
Bilibid Prison		25	487	631	184
Iwahig penal colony	242				
San Ramon	54				
Fort Mills, Corregidor	560				
Other stations	137				
Courts	103	19			
Total	6,869	293	487	631	184

	Bilibid	San Ramon	Iwahig	Corregidor	Other stations
Released during the year:					
By expiration of sentence	3,528	51	11		2
By order of court	602	5			
By conditional pardon	388	32	5		
By unconditional pardon	8				
By deportation to the United States	10				
By deportation to China	12				
By banishment	1				
By death	114	4	36	5	4
By escape	6	7			
By transfer to—					
Sentenced prisoners from detention and from detention to sentenced prisoners	719	14			
Bilibid prison		54	242	560	137
Iwahig penal colony	487				
San Ramon	25				
Fort Mills, Corregidor	631				
Other stations	184				
San Lazaro Hospital	3				
Philippine Training School	13				
Good Shepherd Convent	3				
Courts	112	18			
Pettit Barracks, Zamboanga		8			
Total	6,835	193	294	565	143

Crimes committed.—The principal crimes committed are adultery, homicide, murder, robbery, and theft, an increase in the number of persons committed to Bilibid Prison for said crimes having been registered during the year. The following is a comparative statement showing the number of prisoners committed to Bilibid Prison and San Ramon during the past six years for the above-mentioned crimes:

Crime	1921		1922		1923		1924		1925		1926	
	Bilibid	San Ramon	Bilibid	San Ramon	Bilibid	San Ramon	Bilibid	San Ramon	Bilibid	San Ramon	Bilibid	San Ramon
Adultery	114		205		151	1	146	3	119	1	147	4
Homicide	192	11	192	20	164	21	285	16	229	29	252	43
Murder	185	13	75	26	82	22	103	43	104	71	136	59
Robbery	246	11	233	56	202	62	209	40	232	66	307	61
Theft	773	32	732	47	731	23	783	26	630	24	696	34

The following is a statement showing the most important crimes for which commitments were made during the year taken from Table No. 5 of the report of the director of prisons:

Crimes	In confinement Jan. 1, 1926	Received	Dropped	In confinement Dec. 31, 1926
Adultery	47	192	139	100
Embezzlement	225	327	351	201
Homicide	1,179	701	599	1,281
Misappropriation of public funds	28	27	26	29
Murder	854	419	298	975
Parricide	181	82	60	203
Physical injuries	123	211	211	123
Rape	279	167	154	282
Robbery	924	945	776	1,093
Theft	32	49	50	31
Violation of opium law	46	231	258	19

Discipline and order.—In spite of the unusual number of inmates and the insufficiency of the guard force, peace and order reigned in the Bilibid Prison, there having not been recorded any occurrence of serious nature in the institution during the year. This is due to the successful enforcement by the prison authorities of discipline rules and the maintenance of order by the development among the prisoners of that sense of responsibility and self-respect. In the Iwahig penal colony the general deportment of colonists has been excellent, comparatively few breaches of order and discipline having been registered during the year. Only three cases of serious nature happened during the year, and the offending parties were brought before the court and given the corresponding penalty prescribed by law. In the San Ramon penal farm the deportment of prisoners has been, in general, much better than in 1925, no case of serious nature taking place during the year, while in the Fort Mills Stockade, Corregidor, two serious cases occurred, the offending parties having been brought before the court.

Health and sanitation.—Notwithstanding the usual difficulties which generally attend the proper enforcement of sanitary regulations in an overpopulated area like the Bilibid prison reservation, excellent sanitation prevailed in this institution during the year. There were recorded 114 deaths, showing an increase of 36 over those of the preceding year, due to the increase in prison population, and 2,777 were admitted to the Bilibid Hospital. In the Iwahig penal colony the sanitation has been excellent, 36 being the total number of deaths, or 4 less than that of the previous year, and the daily average of patients admitted to the colony hospital was 0.09 as against 2.41 of the year 1925 while in the San Ramon prison and penal farm the sanitary condition obtaining from the whole penal reservation has been excellent, although 4 deaths were recorded during the year.

Religious services.—Religion being one of the important factors for the reformation of the convict, every facility has been accorded so that the prison chaplains may perform their lofty mission. At the Bilibid Prison and the Iwahig penal colony religious services were held on Sundays and legal holidays and every opportunity was given to the prisoners to receive religious comfort and spiritual assistance from the ministers of the church to which they are affiliated. Members of all religious denominations seeking permission to preach their gospel to the prisoners were allowed to visit Bilibid Prison and to distribute among the inmates books, periodicals, and pamphlets on religious matters. In San Ramon Penal Farm a Roman Catholic priest voluntarily rendered religious services for the Christian inmates, and a Moro priest also conducted services for the benefit of the prisoners professing Mohammedan faith.

Recreation and entertainment.—No effort has been spared by the prison authorities to provide the prisoners with the usual recreation and entertainment such as athletic games and literary, theatrical, and musical programs, especially during the Christmas holidays. The Bilibid band usually gives a daily concert at the retreat formation and the prison orchestra rendered a musical program every Saturday, Sunday, and legal holidays. Cinematograph shows were also given on Saturdays and Sundays, free of charge, by the Universal Film Manufacturing Co. In the San Ramon Prison and Penal Farm the institution band gives regular retreat formation concert and rendered a musical program in front of the prison building, and the prisoners were allowed also to indulge in athletic games.

Prison schools.—Education of the prisoners has been one of important matters that has been given especial interest by the prison authorities. Day classes from 7 to 9.30 a. m. and from 1.30 to 2.30 p. m. were conducted every working day for the benefit of the inmates between the ages of 18 and 23 years. Academic instruction in English up to the fourth grade is given from 6 to 8 p. m. every working day by 74 teachers distributed among the 11 dormitory buildings where the night classes are held. Education is compulsory except for those over 50 years of age and those who have proved to possess an education above that given in the prison schools. Especial classes in Spanish, telegraphy, bookkeeping, drafting, and electricity are also held. In the San Ramon Prison and Penal Farm a night school was also open.

Merit system.—Under the old system governing the classification and conduct of prisoners a convict who has not been punished for violation of the prison rules and regulations for a period of six months became eligible for promotion to the next higher class and was given a rating of 100 per cent. Experience has shown, however, that this system did not prove satisfactory in so far as the reformation of the wrongdoer is concerned Many recidivists were given a 100 per cent rating even though their progress at work and study disclosed lack

of interest in these two important reformatory elements. For the purpose of improving the method a progressive merit system, under which proper value is given to the three important reformatory factors, namely, general deportment, progress and efficiency in the work assigned, and progress and deportment in the school, has been adopted, beginning January 1, 1926. Under this system unjustifiable discrimination or favoritism is avoided and the prisoner is made to realize that only through his personal efforts he may expect improvement in his condition during his confinement.

Provincial jails.—Through the reports of inspection rendered by the provincial commanders and judges of first instance in the Provinces the bureau is kept informed of the actual condition of the provincial jails and enabled to make suggestions and recommendations to the provincial governors concerned for the correction of any deficiency reported. While some of the provincial governors have promptly acted upon the recommendations made others did not take any step to carry out the indications for the improvement of condition in provincial jails.

Income and expenditures.—The total budget income of the prison division for the year 1926 is ₱318,046.90, which is almost the same as the amount for last year, and the total budget income of the industrial division amounted to ₱201.234.20. Adding to the above total income the value of the improvements in Bilibid, Iwahig, and San Ramon, the estimates of which were based on free labor, appraised value of materials used, and private management, the total amount to the credit of the fiscal year's administration was ₱743,152.40, while the total expenditures of the bureau of prisons (prison and industrial division) for the fiscal year 1926 amounted to ₱1,087,906.14, which is ₱42,794.48 less than that of the preceding year, these expenditures, including the amount expended for equipment for both the prison and industrial divisions, amounting to ₱4.116.31 and ₱3,525.51, respectively.

Maintenance.—The total cost of maintenance of the prisoners in Bilibid, Iwahig, and San Ramon is ₱882,984.94. The daily average cost of maintenance is ₱0.47 for each prisoner in Bilibid, ₱0.31 for each prisoner in Iwahig, and ₱0.53 for each prisoner in San Ramon.

The following is a comparative yearly and daily cost of maintenance per prisoner confined in each of three insular penitentiaries. The cost of maintenance includes all expenses for subsistence, clothing, bedding, medicine, etc.

Division	Maintenance	Average number of prisoners	1925		1926	
			Yearly	Daily	Yearly	Daily
Bilibid	₱555,086.53	3,191.00	₱201.16	₱0.5511	₱175.95	₱0.4766
Iwahig	179,759.20	1,575.85	149.13	.4086	114.07	.3125
San Ramon	148,139.21	759.25	217.46	.5985	195.11	.5345

Taking into consideration the income derived from all the products produced and services rendered by the prisoners the net maintenance cost of each prisoner to the government is about ₱0.27 only, as shown by the following facts and figures:

Prison division appropriation	₱844,564.00		
Additional appropriation, Act No. 3325	40,500.00		
		₱885,064.00	
Reverted to treasury		17,986.75	
			₱867,077.25
Industrial division appropriation		295,240.00	
Reverted to treasury		90,179.58	
			205,060.42
Total gross cost for 1926			1,072,137.67
Actual revenue, prison division		318,046.20	
Actual revenue, industrial division		201,234.20	
			519,280.40
Total net cost for 1926			519,280.40
Average net cost of each prisoner for one year			100.05
Average net cost of each prisoner for one day			.274

Subsistence.—The amount of the allotment for consumption of supplies and materials is ₱536,160. Of this amount ₱411,947.72 have been expended for subsistence of prisoners, the balance having been expended for consumption of office supplies, clothing of prisoners, bedding, medicines, etc. In the colonies almost all of the subsistence and supplies consumed were from local products. The following statement shows the value of subsistence produced and purchased during the year:

	Purchased	Produced	Total
Bilibid	₱287,022.95	₱1,128.10	₱288,151.06
Iwahig	6,962.89	92,137.34	99,100.23
San Ramon	16,085.82	38,610.62	54,696.44
Total	310,071.66	131,876.06	441,947.72

The cost of subsistence for each Bilibid prisoner per day is about ₱0.19, as compared with about ₱0.18 of last year, and that of the Iwahig colony is the same as that of last year, which is about ₱0.14, while that of San Ramon has been reduced from ₱0.22 to ₱0.18. The following is a comparative statement showing the increase and decrease in the cost of daily subsistence of prisoners per capita for the last six years:

	1921	1922	1923	1924	1925	1926
Bilibid	₱0.2493	₱0.2216	₱0.1885	₱0.1785	₱0.1768	₱0.1935
Iwahig	.2324	.1694	.1612	.1477	.1420	.1435
San Ramon	.1592	.1391	.1459	.1464	.22	.18

Pardon.—During the year there were granted conditional pardons to 411 prisoners, 8 unconditional pardon, 10 deported to United States of America, and 12 deported to China, or a total of 441 released from confinement during the year, which means a savings of ₱76,193.75, taking into consideration the fact that the daily average cost of maintenance of each prisoner in Bilibid is ₱0.47, ₱0.31 in Iwahig, and ₱0.53 in San Ramon.

PHILIPPINE LIBRARY AND MUSEUM

Personnel.—There have been no changes in the personnel of the Philippine Library and Museum.

Business transacted.—During the year covered by this report there were acquired 3,309 books involving a cost of ₱16,862, besides the 365 books accessioned for the Bohol branch library and 346 for the Cebu branch library, and 1,252 books reaccessioned for the circulating section, or a total of 5,127 books accessioned during the year. At the close of the year there were 3,220 bound volumes for the various sections and branches of the Philippine Library and Museum as additions to their respective old collections, while the publications, including pamphlets received and added to the collection were 28,726. There were registered 65,777 card holders or book borrowers or an increase of 4,753 borrowers over the previous year, 42,837 of which were registered in the city of Manila and 22,840 in the 10 provincial branches. There were also circulated as issued for home use both from the central library and from the 10 provinc al branches 214,252 books against 223,655 of the previous year or a decrease of 9,399, while the number of books and other materials consulted during the year was 557,380 against 396,327 of the previous year, or an increase of 161,053. There were also recorded during the year 568,261 readers as against 461,946 of the previous year, or an increase of 106,415. During the year there were 70 researches made against 109 of the previous year, while the bills drafted were 212 against 145 of the previous year, and the works copyrighted were 133 as against 200 of the previous year.

Library branches.—At the end of the year 1926 there were 10 library branches in active operation in 10 different Provinces, namely, Iloilo, Cebu, Ilocos Norte, Zamboanga, Ilocos Sur, Camarines Sur, Batangas, Pangasinan, Baguio, and Bohol. There were 26,375 books in existence in 1926 in these 10 Provinces

as against 26,582 of the previous year, while the number of periodicals and magazines was 387 against 315 of the previous year. Out of 22,840 card holders recorded in 1926 against 19,904 of the previous year, Iloilo led in number, and Ilocos Norte and Cebu ranked second and third, respectively, while in the number of books circulated out of 97,495 against 100,560 of the previous year, Iloilo ranked first, Cebu and Camarines Sur ranking second and third, respectively; and in the number of reference materials consulted in the reading room, out of 394,216 against 240,597 of the previous year, Pangasinan ranked first and Ilocos Norte and Batangas ranking second and third, respectively.

Supreme court library.—During the year the library received 551 books, most of which were purchased and a few received by exchange, transfer, and gift. The total number of volumes existing in the library at the end of the year 1926 was 17,819, and the books rebound were 24, while the law reviews received by the library during the year were 6; 5,990 visitors have consulted the library and 170 persons borrowed books.

Museum activities.—A notable increase in the use of the institution by the public, particularly by university students and local visiting scientists has been registered during the year. A considerable number of collections has been received through donation such as 1 armchair, 1 bed, 1 round table, 1 table container, 2 pieces of board, 1 bottle and 1 big glass donated by Gen. E. Aguinaldo; 1 relief map of Bataan and the neighboring Provinces, and 1 model of "Baclad" for catching fishes from the collection of the Province of Bataan; 2 coins 15 and 20 kopecs, respectively, from a Russian visitor, and a preserved head of "timarao," 1 ancient fruit vase, 1 artistic design in beadwork, and 1 artistic picture frame of a saint from Mrs. R. M. McCrory. During the year there were 9,334 visitors registered against 8,022 of the previous year, two-thirds of which were students from the public and private schools, and the rest were local visitors and foreigners, including tourists and scientists.

Total value of the property.—The total value of the entire property of the Philippine Library and Museum on December 31, 1926, was ₱944,707.24 as compared with ₱929,652.79 of the previous year, or an increase of ₱15,054.45.

Income and expenses.—The income of the Philippine Library and Museum from different sources amounted to ₱4,254.17, whereas in 1925 the amount collected was ₱3,530.77, or an increase of ₱723.40; while the expenses incurred during the year amounted to ₱153,405.98 against ₱153,188.28 of the previous year, or an increase of ₱217.70

CONCLUSION

Summing up, we can state that the increased activities of the bureaus and offices under the department of justice noted in 1925 continued during the year covered by this report, and that in spite of the usual difficulties that generally attend the successful administration of the affairs of said bureaus and offices, their work has been, on the whole, satisfactory.

Respectfully submitted.

LUIS P. TORRES,
Acting Secretary of Justice.

His excellency the GOVERNOR GENERAL,
Manila.

77510—H. Doc. 99, 70-1——13

ANNUAL REPORT OF THE SECRETARY OF AGRICULTURE AND NATURAL RESOURCES

DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES,
Manila, April 9, 1927.

SIR: I have the honor to submit the following annual report of the department of agriculture and natural resources for the year 1926.

As in the preceding two and a half years, the position of secretary remained vacant and the undersigned undersecretary continued as acting secretary of agriculture and natural resources throughout the year under review.

Aside from the general appropriation law, the following are the most important among the various legislations enacted by the legislature at its 1926 session affecting the department of agriculture and natural resources:

Act No. 3283. An act to appropriate ₱50,000 for the conservation of forests, for reforestation and afforestation of denuded areas, cogon lands, and such other lands certified as forest land which, upon investigation, should be placed under forest cover, and for other purposes. Approved by the President of the United States February 10, 1927. Proclamation No. 78 of the Governor General, March 19, 1927.

Act No. 3295. An act to amend section 534 of the Revised Administrative Code, providing for the registration of dead large cattle and the cancellation of the certificates of ownership and transfer of the same. Approved December 2, 1926.

Act No. 3300. An act to amend Sections 54 and 56 of Act No. 496, entitled "The land-registration act," providing that the civil status of the vendor or assignor shall appear on voluntary instruments, and for other purposes. Approved December 2, 1926.

Act No. 3307. An act to provide funds for reorganizing and strengthening the division of fisheries of the bureau of science. Approved December 2, 1926.

Act No. 3308. An act to appropriate the sum of ₱30,000 for continuing the teaching of home canning and food preservation in the Philippines and for other purposes. Approved December 2, 1926.

Act No. 3314. An act to amend section 2751 of the Administrative Code, penalizing the unlawful destruction of public forests. Approved December 3, 1926.

Act No. 3323. An act to amend sections 9, 11, and 21 of Act No. 1120, entitled "The friar-lands act," increasing to 144 hectares the area of land of the so-called "friar lands" which may be sold to an individual, and providing how vacant lands may be sold and the time within which purchasers of said friar lands may pay for the same. Approved December 4, 1926.

Act No. 3327. An act authorizing private surveyors to make cadastral survey, and for other purposes. Approved December 6, 1926.

Act No. 3337. An act to amend paragraph (a) of section 18 of Act No. 2259, entitled "An act providing certain special proceedings for the settlement and adjudication of land titles," as amended by Acts No. 2558 and 3081, introducing certain modifications with regard to the assessment, apportionment, and manner of collection of the costs of the proceedings, survey, and monumenting in cadastral cases. Approved December 7, 1926.

Act No. 3346. An act to amend sections 42 and 44 of Act No. 2874, known as "The public land act," extending the period of time from December 31, 1928, to December 31, 1938, within which applications for free patents may be filed. Approved by the President of the United States February 10, 1927. Proclamation No. 79 of the Governor General, March 19, 1927.

BUREAU OF AGRICULTURE

AGRICULTURAL CONDITIONS [1]

Comparatively speaking, the year under review was a successful one, but not quite so profitable as the preceding year, for while there was an increase of 2 per cent in the total area planted to the leading crops, the aggregate value of the produce was 0.3 per cent less than that for 1925. This is due principally to a great reduction in sugar-cane production.

Generally, weather conditions in 1926 were better than in 1925. There were periods of heavy rains and floods alternating with dry periods, but the losses from this source were only 2 per cent of the total area planted as compared with 5 per cent in 1925. The damage done to the crops by plant pests and diseases was less, too, being only 1 per cent of the total area planted in 1926 as against 2 per cent the year before.

The total area planted to the six leading crops, namely, rice, corn, sugar cane, coconut, abaca, and tobacco during the year under review was 3,574,240 hectares, representing an increase of approximately 1.9 per cent over that for 1925, which was only 3,508,140 hectares, notwithstanding a slight decrease in the area cultivated to sugar cane.

Palay (rough rice).—Palay production again broke the record this year. The largest crop ever raised before was that for 1925, which was of 45,653,000 cavans. In 1926 there were 1,756,960 hectares and the production was of 47,780,000 cavans, valued at ₱204,051,110. This increase was due partly to a larger area planted and partly to better weather conditions, the selection of seeds and, in general, to better methods of farming. The yield in 1926 averaged 27.19 cavans per hectare, and the price, ₱4.30 per cavan, against 26.46 cavans and ₱4.20, respectively, in 1925.

Sugar cane.—Adverse weather conditions reduced this crop by 3 per cent in area, 23 per cent in the production of sugar, 1 per cent in that of panochas, and 28 per cent in the aggregate value of all sugar-cane products, as compared with the preceding year. In 1926, 231,840 hectares were planted to this crop, and the yield consisted of 8,195,370 piculs of sugar, 516,020 piculs of panocha, 4,298,790 liters of basi, and 5,935,540 liters of molasses, with a total value of ₱81,137,140. This is ₱31,592,760 less than the 1925 crop.

Coconuts.—The coconut crop is steadily increasing every year. In 1926 there were 2,270,930 new trees planted, thus bringing the total number planted up to 91,908,700. This represents an increase of 2 per cent over the 1925 figures. Of the present number 54,650,400 trees, or 59 per cent, are in bearing as against 53,165,880 in 1925. This increase in the number of bearing trees produces a corresponding increase of 3 per cent in the crop of nuts; 1,627,397,000 nuts were harvested in 1926. The amount of tuba produced was also greater, 13 per cent more than in 1925. This is not only because tuba was collected from a greater number of trees but also because there was more per tree, the 1926 production being 99,002,000 liters as against 87,252,000 in 1925.

During the year 5,780,700 piculs of copra were produced. This amount is but 1 per cent greater than that for 1925. This is due to the fact that over 38,000,000 more nuts were used this year in the desiccated coconut industry and for home consumption than in 1925 when only 110,678,000 nuts were utilized for such purposes. The oil production was 1,787,810 liters, or 10 per cent less than that for 1925.

Prices were higher in 1926 than the year before—nuts, ₱4 per 100; copra, ₱11.28 per picul; coconut oil, ₱0.47 per liter; and tuba, ₱0.09 per liter in 1926, as against ₱3, ₱10.47, ₱0.43, and ₱0.08, respectively, in 1925; The aggregate value of all coconut products in 1926 was ₱81,369,370, against ₱71,847,980 in 1925. an increase of 13 per cent.

Abaca.—Both the area planted to abaca and the fiber production increased, but prices were lower than in 1925. In 1926, there were 492.050 hectares planted to abaca, which yielded 3,036,150 piculs of fiber, as against 477,110 hectares and 2,853,570 piculs in 1925, an increase of 3 and 6 per cent, respectively. The price per picul was ₱21.93 in 1926 and ₱22.53 for 1925.

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[1] The crop statistics given everywhere in this report are for the years ending June 30, except otherwise specifically stated. Any discrepancy between the figures given in this report for 1925 and those appearing in the annual report for the same year is due to the fact that the latter were mostly estimates and were subsequently revised upon receipt of the complete data. Likewise, the 1926 figures herein are subject to subsequent revision and changes.

Accordingly, the 1926 production was worth ₱66,582,769.50 or 3 per cent more than that for 1925.

Davao, Misamis, and Lanao had the largest increase in total area planted 10 to 13 per cent; while for Cavite, Marinduque, and Tayabas the area decreased from 22 to 30 per cent.

Corn.—During the year, 533,570 hectares were planted to corn, yielding 7,899,730 cavans which were sold for ₱37,370,300. In 1925, 7,606,000 cavans were produced, valued at ₱30,767,000 from 522,000 hectares. There was, therefore, an increase of 2 per cent in area, 4 per cent in production, and 21 per cent in value of the crop as compared with 1925. The considerable increase in the value of this production was due to a substantial rise in the average price which was ₱4.70 per cavan in 1926 as compared with ₱4 in 1925.

Batanes, Sulu, Zambales, Tarlac, Palawan, Rizal, Cotabato, and Albay had decreases in the area planted of from 16 to 47 per cent, while Davao, Camarines Norte, Nueva Vizcaya, Agusan, and Marinduque had similar increases as compared with 1925. Cebu, Oriental Negros, Leyte, Isabela, and Cagayan also registered increases during 1926, their combined area planted being 4 per cent more than in the preceding year.

Tobacco.—Increases, representing 4 per cent in the area and 8 per cent in the production, were also registered for this crop, though its total value was a trifle less than that for the preceding year because of a drop of nearly ₱1 per quintal, the average price in 1926 being only ₱12.09 per quintal as against ₱13.05 in 1925. The area planted in 1926 was 74,790 hectares, and the yield was 988,110 quintals, valued at ₱11,943,460.

Maguey.—With a production of 427,850 piculs, this fiber suffered a decrease of 6 per cent as compared with 1925, notwithstanding the fact that there was an increase of 7 per cent in the area under cultivation, there being 33,350 hectares planted to this crop in 1926. Prices advanced slightly, the average in 1926 being ₱12.64 per picul, against ₱12.46 in 1925.

Coffee and cacao.—These two minor crops also increased in area, but the production of cacao fell by 3 per cent. In 1926, there were 2,029,400 cacao trees and 2,515,600 coffee trees as against 2,000,300 and 2,335,600, respectively, in 1925; 1,082,700 kilos of cacao, valued at ₱1,119,400, were produced in 1926 as compared with 1,111,900 kilos, valued at ₱1,189,100, in 1925. As to coffee, 1,207,300 kilos, valued at ₱836,700, were harvested in 1926, as against 1,178,000 kilos, valued at ₱836,300, the year before. The average prices during 1925 and 1926 were ₱1.07 and ₱1.03, respectively, per kilo of cacao, and ₱0.71 and ₱0.69 per kilo of coffee.

Livestock.—As in previous years, because of the impossibility of completing the compilation of the latest yearly census data in the short period elapsing between the end of the year and the date fixed for presenting this report, the figures for animals given here are one year behind; that is, they are for the year ending December 31, 1925.

All kinds of our domestic animals have increased in number during the year, in spite of the fact that for some species there was a decrease in the rate of birth and for others increases in the rate of mortality. The birth rate for carabaos, hogs, goats, and sheep increased by 2.1, 3.5, 3.6, and 1..3 per cent, respectfully, while that for cattle and horses fell by 2.6 and 3.9 per cent, respectively. With the exception of hogs and goats there was an improvement as to diseases, the rate of mortality being lower by 0.5 per cent for carabao, 0.8 per cent for cattle, 0.6 per cent for horses, and 0.3 per cent for sheep, but higher by 0.3 per cent for hogs and 0.8 per cent for goats.

GENERAL ADMINISTRATION

The ad interim appointment of Dr. Stanton Youngberg as director of the bureau of agriculture was confirmed by the senate on November 9, 1926. The position of assistant director remained vacant throughout the year.

Dr. Vicente Ferriols, who has been acting in the place of Doctor Youngberg as chief veterinarian ever since the latter was designated acting director of the bureau, was appointed chief, division of animal industry, effective November 10, 1926.

By operation of Act No. 3263 which took effect on July 1, 1926, the fiber division was abolished, and the work of inspecting, classifying, and grading Philippine fibers has been taken over by the fiber standardization board created by the same act.

The following is a comparative statement of the yearly receipts and expenditures of the bureau of agriculture since 1921:

Year	Population	Receipts	Receipts per capita	Expenditures	Expenditures per capita	
					Actual	Net
1921	11,042,490	243,287.14	0.022	1,732,737.60	0.1569	0.14
1922	11,296,467	284,539.31	.0252	1,460,419.37	.1292	.10
1923	11,556,286	330,126.73	.0285	1,253,920.28	.1085	.08
1924	11,822,081	392,889.17	.0332	1,525,222.55	.1290	.096
1925	11,847,899	386,771.47	.0326	1,394,164.72	.1177	.085
1926	12,108,688	274,251.46	.0226	1,397,659.41	.1154	.093

The reduction in receipts is due to the transfer of fiber-inspection work, which is the principal source of income for the bureau, to the fiber-standardization board after the first semester. Naturally, this would increase the proportional rate of net expenditure per capita. Besides, a more intensive campaign has been waged for the suppression or eradication especially of rinderpest and locust.

PLANT INDUSTRY DIVISION

Old experiments and cooperative trial plantings were continued and new ones started in the various stations and substations and cooperative fields on rice, corn, forage crops, sugar cane, tobacco, peanuts, cowpeas, adlay, sorghum, wheat, abaca, maguey, jute, kapok, roselle, citrus and other fruits, vegetables, coffee, cacao, pineapples, root crops, avocados, and rubber. In the main, the work included cultural methods, fertilizing, plant introduction, hybridization, variety tests, milling tests, farm blasting, plant acclimatization, mulching and the use of cover crops, the application of irrigation water, and the use of farm machinery and implements.

Special field investigations were made of eight government irrigation systems; of abaca in Davao, Laguna, Cavite, and Sorsogon; coconuts in Davao; mangoes in Rizal; vegetables in the Mariquina Valley; eggplants around Laguna de Bay; and lanzones, tobacco, and coffee. A horticulturist was sent to make studies of the rubber cultivation in certain countries in the east. A special investigation was also made to determine damage done by the typhoon of November 5 to the coconut plantations in Laguna. During the year 134 species of different crops, consisting of 540 varieties, were introduced for trial and acclimatization purposes. Besides, the division produced plant materials for propagation purposes: For free distribution, for cooperative trial planting, for exchange with foreign governments, firms, institutions, individuals, etc., and for sale through the agricultural extension division of this bureau, consisting of nearly 31,000 plants, mostly fruit trees, over 1,102,000 cuttings, rootstocks, etc., 457 cavans of rice, nearly 12,000 ears of corn, 436 kilos of other seeds, and almost 1,000 tons of sugar cane and miscellaneous products, all valued at ₱45,000.

AGRICULTURAL EXTENSION DIVISION

Over 380,000 plants, consisting of coffee, coconuts, bananas, pineapple, cacao, mango, citrus, and other fruit trees were set out by farmers through activities of the agricultural extension agents. Of the fruits, nearly 4,000 were either grafted, budded, or marcotted plants. The agents helped the farmers lay out their orchards and otherwise improve their farms, and made demonstrations of the better methods of propagating and improving plants right on the farm. As a result, nearly 3,770 citrus and other plants were budded, 2,350 mango, lanzon, and other plants grafted, and 490 lanzon, chico, and other plants marcotted on private farms, besides 4,400 coffee, cacao, citrus, and miscellaneous plants pruned during the year. The farmers were encouraged to make their own nurseries, and a large number of seedlings were produced by them. The field agents of the bureau, as heretofore, have consistently endeavored to educate the farmers to the advantages of cooperative action, not only in the production or raising of any given crop or kind of domestic animals in a locality, but also in the marketing of their products.

As in previous years, in addition to the various stations of the bureau of agriculture, there were provincial and municipal nurseries in a number of the Provinces, where agricultural plants were propagated for distribution under the technical supervision of the extension agents of the bureau. In a few of these nurseries some chickens and hogs were also raised for breeding purposes.

During the year 6,767 requests for seeds and other plant materials were filled in the central office, or 765 more than in 1925. The value of the seeds distributed by the bureau of agriculture during the year was ₱8,966, of which ₱2,320 were given away gratis, including ₱1,187 worth which were given to the sufferers from the typhoon of November, 1926, in the provinces of Batangas, Tayabas, Laguna, Cavite, and Mindoro. The total value of other plant materials distributed was ₱14,722, of which amount ₱2,702 worth were given free of charge. At the Lipa and the La Paz demonstration-propagation stations a total of over 307,000 seedlings and vegetably propagated plants were produced, consisting mostly of coffee, citrus, mangoes, and lanzones, and about one-half thereof were distributed during the year, besides quantities of vegetable and other seeds, and nearly 87,000 points and cuttings of sugar cane.

PLANT PESTS CONTROL DIVISION

The principal activities of the division during the year were in the main continuations of those of the preceding year. Aside from the control and eradication work, studies were made of various plant pests and diseases both in the laboratory and in the field. There were two administrative orders issued under the plant quarantine law (Act No. 3027): Administrative order No. 53 regulates the importation of maguey and sisal plants and fibers from foreign countries in order to prevent the introduction here of the disease known as yellow spot; and administrative order No. 54 declares the ports of Davao and Legaspi ports of entry for plant materials, in addition to Manila, Cebu, Iloilo, and Zamboanga. Aside from the actual service rendered by the bureau, the amount of ₱37,100 was allotted to various Provinces to assist them in their campaign against plant pests and diseases.

The locust situation was much better throughout the year than in 1925. With 50 municipalities infested on January 1, the year wound up with but 30 municipalities infested with locusts. At its worst there were only 95 municipalities with the insect, distributed in 11 Provinces, as against 140 municipalities, in 14 Provinces, in 1925; 216 municipalities, in 28 Provinces, in 1924; and 284 municipalities, in 36 Provinces, in 1923. There has been thus a considerable, gradual improvement in the locust situation in the past four years. The locust scouting work under Act No. 3163 has been continued vigorously throughout the year, and large quantities of eggs, hoppers, and fliers have been destroyed in isolated and remote places.

In addition to baggage of passengers arriving from abroad, 1,105,860 parcels of plant materials coming in through the customhouse and the mail were inspected during the year, and a large number of plant pests and diseases as well as contrabands have been intercepted.

ANIMAL HUSBANDRY DIVISION

An increased interest in animal-husbandry work was noted in 1926. The bureau's failure to meet the increasing demand for purebred stock brought no little undesirable comment from the public, which only helps the approval by the legislature for funds for the purchase in 1927 of additional breeding animals. Lectures and practical demonstrations in animal husbandry were made as usual, and in the central office alone not less than 208 privately owned cockerels have been caponized and 22 pigs castrated during the year. From all the stations the reports received show that not only farmers and animal fanciers go to them now but that there are often big visiting parties of students of universities or schools and in some cases also tourists and Government officials of other countries. Through the assistance of this division six native mares were purchased in February at Batangas by Dr. Wataru Chosa, of the Central Research Institute of Formosa, for his Government.

The animals purchased through this division for other branches of the government were 516 cattle, 45 carabaos, 12 goats, 1 horse, 12 pigs, and 16 rabbits, all valued at ₱35,720.50.

For public breeding work the bureau had 79 sires, exclusive of fowls, in its various stations, consisting of 16 stallions, 22 bulls, 35 boars, 1 ram, and 5 bucks, and the work along this line has been fairly satisfactory. The sale of livestock during the year totaled ₱13,631.62. Experimental work on cross-breeding, feeds and feeding, etc., have been continued as usual. Special attention was given to the artificial incubation of eggs. The cooperative work with agricultural schools and provincial governments in poultry and swine breeding has also been kept up, and there were 10 of such cooperative poultry-swine stations at the close of the year.

VETERINARY DIVISION

Importation from foreign ports.—During 1926, 4,052 cattle and 450 carabaos from Pnom-Penh and 7,254 cattle from Australia arrived at the port of Manila. There were 986 carabaos from Pnom-Penh that entered the port of Iloilo. These arrivals represent an increase of 1,874 cattle and 606 carabaos as compared with the figures for 1925.

Interisland shipments.—From interisland ports 12,284 cattle and 2,156 carabaos entered Manila, an increase of 624 cattle and 67 carabaos from 1925.

Inspections for which fees were collected.—A total of 151,432 animals of all kinds were inspected upon arrival at Manila, for which fees amounting to ₱20,064.60 were collected. Of the number, 121,934 were swine.

Post-mortem inspection in the slaughterhouses supplying meat to Manila markets.—A total of 141,818 animals were slaughtered and inspected at the Azcarraga, Pandacan, and Sisiman slaughterhouses during the year. Of this number, 140,367 were passed for food and the remainder, 1,451, were condemned.

Rinderpest.—During the year 9,824 cases of rinderpest, resulting in 7,470 deaths, were reported, as against 14,143 cases and 10,747 deaths in 1925. The Provinces infected at one time or another during the year were Bataan, Batangas, Bulacan, Cagayan, Capiz, Cavite, Ilocos Sur, Iloilo, Isabela, Laguna, La Union, Manila, Mountain Province, Nueva Ecija, Occidental Negros, Oriental Negros, Pampanga, Pangasinan, Rizal, Tarlac, and Tayabas. At the beginning of the year there were 27 municipalities infected in 11 Provinces, and on December 31, 1926, there were only 12 infected towns in 8 Provinces. There were 123 outbreaks of rinderpest during the year, counting each time a municipality was taken up as infected or reinfected as a separate outbreak, as compared with 197 outbreaks in 1925.

Table showing the rinderpest cases and deaths by quarters

Quarters	1926		1925	
	Cases	Deaths	Cases	Deaths
First	2,573	1,848	3,291	2,315
Second	3,333	2,655	4,136	3,043
Third	2,598	2,011	5,344	4,395
Fourth	1,320	956	1,372	994
Total	9,824	7,470	14,143	10,747

The important outbreaks of rinderpest occurred in Occidental Negros, Ilocos Sur, and Iloilo Provinces. In the Province of Occidental Negros the disease prevailed in the towns south of Bacolod. Only native carabaos and cattle were attacked, for all imported carabaos had been previously immunized against rinderpest. A general vaccination of carabaos and cattle was begun in April in all the infected towns in combination with a strict quarantine. By August 10, the Province was cleared of the disease excepting Cauyan, one of the southern towns not easily reached, where there were still cases at the close of the year. About this time sporadic but persistent cases were being reported in various municipalities in the Province of Iloilo, which portended a general outbreak. So it was decided to start a general vaccination there to prevent any possible epidemic, especially as the Province had been free from the disease during the last few years. When the vaccinating parties were withdrawn from

Occidental Negros in August the materials and a couple of vaccinating parties were left at Iloilo. By Christmas the vaccination was terminated in this Province, and the municipality of Maasin was the only town left running cases at the close of the year. The outbreak in Ilocos Sur originated in the hills of the municipality of Concepcion. A rigid quarantine was instituted with the employment of 285 Philippine constabulary soldiers and officers. A cordon was established to prevent the spread of the diseases to Abra Province and the towns of Ilocos Sur north of Candon. The infection remained at first in Concepcion, Santa Cruz, and Santa Lucia, and toward the last it persisted in Concepcion and San Emilio. These two towns being in the hills, the work was carried on under great difficulties. Vaccination was commenced about September and toward the end of December only four cases and four deaths have been reported.

Outbreaks also occurred in several of the western towns of Pangasinan Province which remained infected throughout the rainy season. Vaccination was done in all the towns that could be reached by passable roads, such as Labrador, Sual, Alaminos, and Balincagin. Other towns in the interior were attended to as soon as the worst part of the rainy season was over. Those which could not be reached by roads were approached by sea, and at the close of the year only Bolinao remained infected. The vaccination of cattle and carabaos there was but half finished. The Province of La Union remained clean after the vaccination of the infected towns during the first quarter of the year.

Rinderpest vaccine.—This was more extensively used than last year; 318,491 animals have been vaccinated during the year, distributed in 10 Provinces, as against 210,901 animals in 11 Provinces during 1925. Progress has been attained in developing better methods of manufacture of the vaccine, but appropriate laboratory accommodations are still lacking. In this connection it is hoped that the next legislature will set aside the money necessary for a suitable building and proper equipments for the veterinary research laboratory.

Anthrax.—No epidemic, but only sporadic cases of anthrax, mostly carabaos, occurred in a few Provinces. There were 659 cases and 602 deaths from this disease during the year as against 591 cases and 558 deaths in 1925. As in the previous year, the anthrax simultaneous treatment was employed not only in the infected barrios but also in the low-lying places of Bulacan, Pampanga, and Tarlac known to be anthrax beds just before the beginning of the rainy season. A total of 49,199 animals, consisting of 42,019 carabaos and 7,180 cattle, were vaccinated during the year.

Other diseases.—A total of 697 cases of hemorrhagic septicæmia, with 637 deaths, were reported in 8 Provinces during the year. A few cases of surra among horses were also recorded in 7 Provinces. The protracted and lingering infection of foot-and-mouth disease in Bukidnon in 1925 was carried over to August of this year. There was also a small outbreak of this disease in the Province of Misamis in 1926. Chronic cases of contagious bovine pleuropneumonia were frequently found at the Sisiman slaughterhouse on postmortem examination of cattle imported from Australia.

Veterinary research laboratory.—The work at the veterinary research laboratory has progressed nicely; 2,154,600 cubic centimeters (against 1,445,280 cubic centimeters in 1925) of rinderpest vaccine, representing 477,911 doses, were produced during the year. Of this amount, 422,891 doses were used in the campaign against rinderpest in the Provinces. The cost of production, exclusive of labor, overhead, and interest on capital investment, averaged ₱0.055 per dose. A total of 455,885 cubic centimeters (against 193,600 cubic centimeters in 1925) of antirinderpest serum, valued at ₱7,294.16, was also manufactured in the laboratory during the year. Research work seeking to further improve the rinderpest vaccine, looking for better methods of producing hog-cholera vaccine, and for a cure for surra was given preferential attention at the laboratory.

RURAL CREDIT DIVISION

As in previous reports, the following statement shows the financial condition of the 543 existing agricultural credit cooperative associations at the beginning of the year under review, as complete returns from all the treasurers as of December 31 can not be had on time.

	Jan. 1	
	1925	1926
Associations:		
Number of associations	546	543
Number of members	81,971	84,002
Number of borrowers	28,725	28,077
Number of depositors	2,699	2,382
Assets:		
Cash on hand	₱114,907.19	₱129,608.50
Loans to members	2,531,996.62	2,408,261.11
Property account	4,547.73	4,882.86
Other items	2,330.33	6,553.22
Total	2,653,781.87	2,549,305.77
Liabilities:		
Capital stock	890,621.00	905,204.00
Deposits	115,695.14	91,162.20
Rice and corn fund	967,302.16	824,073.99
Philippine National Bank	1,434.26	----------
Entrance fee	18,592.74	16,019.61
Interest	598,518.42	640,155.41
Dividend account	30,481.85	31,894.02
Reserve fund	28,113.67	38,997.65
Other items	3,032.55	1,798.89
Total	2,653,781.87	2,549,305.77

The year 1926 was the busiest year yet for this division with respect to the collection of the overdue loans. The following figures show what was done during the year along this line:

Total amount of loans collected	₱233,762.30
Total amount of loans renewed	234,932.63
Total amount of new loans granted	89,100.00

Only one association (Carigara, Leyte) was sued in the court during 1926, and it settled its account before the case was tried.

Among the serious cases in which the authority of the bureau of agriculture was ignored by unworthy directors were the following: In Arayat, Pampanga, where ₱20,000 was borrowed from the government rice and corn fund, there is a case in court in which the authority of the present board of directors is disputed by a group of heavy borrowers who are resorting to all means to block the association in its efforts to collect the overdue loans. In Kawit, Cavite, the president of the association withdrew from the treasury ₱300 without giving any explanation as to how it was to be expended. This was disapproved by the bureau of agriculture, but the president seems determined to challenge the authority of the bureau to suspend all undue disbursements of the association's funds, alleging that in a general meeting of shareholders he was authorized to use the money without consulting this bureau. In Nabua, Camarines Sur, there are at present two boards of directors. On November 9, 1926, two regular general meetings were held and two sets of directors were elected. Both claim that they are legally elected. Due precautions have been taken by this bureau by ordering the treasurer to dispose of no funds of the association until it has been decided which election was legal.

Due to a difference of opinion in the interpretation of the law, the funds of the following associations which were stolen by their respective treasurers have not yet been reimbursed:

Alcala, Pangasinan, about	₱900
Camalaniugan, Cagayan, about	200
Maria, Oriental Negros, about	2,000
Camalig, Albay, about	700
Indang, Cavite, about	20
Sibalom, Antique, about	300

The insular auditor, in spite of the opinion of the attorney general to the contrary, has ruled that defalcations committed by the municipal treasurers in their capacity as ex-officio treasurers of the rural credit associations need

not be made good by their bondsmen and so these amounts are still unpaid. The effect is that the people have lost confidence in the whole system, which discredits the entire organization.

In spite of the provisions of the law (sec. 43, Act No. 2508), which clearly and distinctly give the director of agriculture power to dictate rules regarding the disposition of the funds of the association and to correct what is wrong in their administration, the following moral defects are irremediable: (*a*) In most associations the funds for the first few years are insufficient to meet the many applications for loans, since 10 to 20 influential members are wont to borrow all the money, so that the rest can not get the loans they were led to expect they could get when they were urged to join in order to save themselves from having to borrow from money lenders at usurious rates the small capital they must have. It is clear, therefore, that these poor members who get no help are disgruntled. (*b*) We have had regrettable cases of directors who used their positions to make fictitious loans; by making loans to people who were not deserving and by borrowing large sums themselves and not paying even the interest for years. This naturally prevents them from enforcing punctuality in repayment from others and begets a total lack of confidence in the whole association.

Act No. 2508 provides that in case the director of agriculture finds that the law, the by-laws, or the rules issued by him, have been violated "he shall give the necessary orders to the board of directors of said association to have the defect remedied." In case of noncompliance the secretary shall call a special meeting of the stockholders "in order to decide whether or not there are grounds for the removal from office of one or more of the responsible directors." It will be seen that by this procedure a corrupt association can only be corrected by a call upon the association secretary to call a meeting of the stockholders, who will decide whether the irregularity is important enough to warrant action. The decent element having left the association in disgust long before, a group of unworthy men come to dominate the association and the work of years is undone.

FIBER DIVISION

This division was abolished by Act No. 3263 and the administration of the fiber-inspection service was transferred, effective July 1, 1926, to a board known as the Fiber Standardization Board created by the said act.

PUBLICATIONS AND STATISTICS

Although there was a decrease in the number of publications issued during the year, there being only 67 as against 133 in 1925, the total number of publications distributed was nearly tripled. The publications printed were as follows: One annual report, 4 issues of the Philippine Agricultural Review, 53 circulars, 2 miscellaneous publications, 2 reprints, 4 posters, and an agricultural bibliography. The number of publications distributed was 167,713, as against 59,002 for the previous year, or an increase of 108,711.

As usual the routine work in the compilation of crop and animal statistics has been seriously handicapped by the failure of the municipal presidents to submit their reports on time and also by the necessity of having a considerable portion of such reports returned for correction. Several thousand copies of crop and animal statistics were distributed during the year, not only in the Philippines, but also abroad. There were also prepared over 5,000 copies of a list of the principal cattle ranches and livestock owners in the islands and the supply was quickly exhausted.

BUREAU OF FORESTRY

GENERAL STATEMENT

Directorate.—In the absence of the director, Mr. Arthur F. Fischer, who sailed for Italy early in March to represent the government in the International Forest Congress held in Rome in April, and who afterwards went on an extended leave of absence in the United States, Mr. Florencio Tamesis, chief of the division of permits and utilization of timber, was designated acting director of forestry on March 3, 1926. Mr. Tamesis acted in this capacity throughout the rest of the year.

Personnel.—Although the personnel rendered service efficiently and loyally, it was evident that they were still in the grip of that undercurrent of strain and discontent observed last year, due to the same reason given then, namely, the failure to provide in the appropriation law for necessary increases in salary. Notwithstanding the slight increase in the number of personnel brought about during the recent years, the statement in the previous annual reports regarding the lack of adequate force may still be applied here with relatively equal emphasis in view of the increasing activities and responsibilities of the bureau of forestry and the ever-growing interest of the people in public lands and forest products.

Requests for the inspection and grading of lumber were frequently more than what the bureau could handle, due to lack of scalers. Both the inspection of license areas and the patrol work could not be carried on to the extent that they should in order to prevent unnecessary wastes in the operations of the licensees and to check forest violations. The classification of public lands throughout the Philippines for the purpose of determining and segregating the portions alienable and disposable under the public lands law, especially those suited to agriculture, demands more men of experience. In the last few years, work of land classification has been carried on an extensive scale. The men assigned to classify public lands deserve particular recognition in the way of salary increases as the nature of their work is such that they have to do strenuous work frequently in wild, very rough, and almost inaccessible places, thus exposing themselves to the elements and personal dangers. Many cases can be cited in which members of parties have contracted illness while in the field. Generally, the technical and field personnel of the bureau of forestry are underpaid, and this condition should be remedied soon both in fairness to the men and in the interest of the public service.

The following table shows the yearly revenues and expenditures of the bureau of forestry since 1921:

Fiscal year	Revenues		Expenditures		Surplus	
	Total	Per capita	Total	Per capita	Total	Per capita
1921	₱1,013,151	₱0.092	₱516,422	₱0.047	₱496,729	₱0.045
1922	949,280	.083	486,847	.043	462,433	.041
1923	1,062,437	.092	515,211	.044	547,225	.047
1924	1,277,799	.108	544,045	.046	733,754	.062
1925	1,260,369	.106	591,220	.050	669,149	.056
1926	1,354,850	.111	637,912	.052	716,939	.059

The 1926 appropriation, totaling ₱665,114, is distributed as follows: ₱468,710 for salaries and wages, ₱159.592 for miscellaneous expenses, ₱16,812 for furniture and equipment, and ₱20,000 special fund for classification of public lands. Of these allotments, a total of ₱637,911.69 was expended thus: ₱449,-223.89 for salaries and wages, ₱152,233 for miscellaneous expenses, ₱16,558.30 for furniture and equipment, and ₱19,896.50 for land classification.

DIVISION OF FOREST MANAGEMENT

In order to effect a more efficient administration in the bureau, the forest districts were reorganized. There are at present 14 forest districts, as compared with 8 the previous year. Each forest district, excepting Nos. II and VI, is headed by a district forester, although Districts IV, V, and X are at present under one district forester, and so are Districts XIII and XIV, because of lack of qualified foresters. The district forester is authorized to issue commercial licenses for the cutting, collecting, and removing forest products from the public forests and forest reserves, for amounts not exceeding 150 cubic meters for ordinary timber licenses and also for other minor forest products licenses. This authority does not extend to the granting of special-use permits, such as residence permits, gratuitous licenses, fishpond licenses, etc. So far the result has been satisfactory.

A more intensive land classification was continued this year, as special projects, a more careful study was made of the various problems affecting the management of established forest reserves including those for special uses

established under section 1838 of the administrative code. Then there was the reconnaissance of a forest tract under the jurisdiction of the Asia Forest Station in Occidental Negros, in order to determine the amount of merchantable timber for purposes of exploitation and revenue, and the intensive reconnaissance made in the Salinas Forest Reserve with the view of getting data to be used in formulating a working plan for the management of the reserve and the use and protection of the Salt Spring located inside the reserve.

The work on the Talisay-Minglanilla reforestation project and the Ilocos reforestation projects has been continued during the year. In the former nearly 21,000 seedlings of 10 different species of trees and 25,000 cuttings of cacauate were planted. A small quantity of ipilipil seed was sown directly on the ground. As in the past years, the planting and all other work in this project were done by caingeneros who were allowed to cultivate certain areas inside the project, and in return for this privilege they were required to plant trees under the direction of the ranger in charge of the project. In the Ilocos project there were planted over 3,600 seedlings of 5 different species in the Vigan plot and 800 seedlings of lumbang in Sarrat. The planting in both places was done to fill in gaps resulting from previous plantings.

DIVISION OF INVESTIGATION

As in the past the research work has been seriously handicapped by the lack of adequate technical personnel, inasmuch as the technical force of the division had to devote a good portion of their time to teaching in the school of forestry. Unfinished studies and experiments were continued, and some new ones begun during the year in dendrology, forest utilization, including lumbering, the manufacture of charcoal, and the use of some minor forest products, forest management, silviculture, forest engineering, wood technology, and forest entomology and pathology. A careful reconnaissance was made of one lumbering concession in Camarines Sur, and 29,550 of the nearly 44,000 hectares covered by the concession were classified and certified as absolute forest land. Over 3,700 liters of seeds and 7,570 plants were distributed during the year, exclusive of those used by the bureau of forestry for planting. All the durability test wood specimens were examined this year.

School of forestry.—The work at the school of forestry was resumed on January 3, 1926, with 26 juniors and 22 seniors, making a total of 48 ranger students. In the degree course, there were enrolled 9 students, 4 taking full course and the rest only few subjects. The school is in need of more instructors both in professorial rank and in lower ranks.

DIVISION OF SAWMILLS AND UTILIZATION

As compared with the preceding year, there were fewer mills installed during 1926. There were more activities, however, this year than in 1925. Besides, many of the old mills were either enlarged, repaired, or otherwise put in better condition.

Owing to lack of sufficient personnel the operations of a number of small mills which were not provided with permanent scalers could not be checked. This, naturally, caused a considerable loss in forest charges. To remedy this situation there has been made an intensive mill study, so as to effect a more systematic way of scaling, thus preventing waste and making allowances for defects more reasonably accurate. During the year the bureau scaled logs and graded lumber to the amount of 809,245.10 cubic meters, as compared with 679,534.37 cubic meters in 1925. The gross revenue derived from forest charges and forest services rendered to private parties for scaling, grading, and inspection of timber and lumber amounted to ₱730,344.38.

The export trade amounted to 62,709,600 board feet, valued at ₱5,098,432, as against 52,217,472 board feet, valued at ₱4,227,815, in 1925, or an increase of about 20 per cent in quantity and 20.8 per cent in value. Our 1926 trade with the United States, China, and Japan was 40 per cent greater than that in 1925. In 1923 the Philippine export to Japan was approximately only 300,000 board feet, while in 1926 the export to that country amounted to approximately 12,000,000 board feet.

The local markets were also active during the year. They absorbed approximately 146,000,000 board feet, or an increase of about 9 per cent over the figure for 1925, which was 135,000,000 board feet.

The work of the utilization section was carried on this year along wood technology, air-dry seasoning and kiln-drying studies, timber testing, wood preservation, durability test, and wood bending. Aside from these, there were 540 specimens submitted for identification. During the year there were sent abroad 2,134 of wood samples free of charge, 2,897 to local institutions, while 615 were given free to different persons.

DIVISION OF FOREST LANDS AND MAPS

The land-classification work for the purpose of determining the lands not needed for forest purposes, and thus alienable and disposable under the public land law, is one of the most important activities of the division. During the year under review 98 projects, with a total area of 1,341,343.35 hectares, were completed and certified, as against 208 projects, with an aggregate area of only 1,186,356.38 hectares, in 1925.

During the year there were established 156 timberland blocks, containing a total area of 274,573.97 hectares, as against 410 timberland blocks, with an area of only 260,511.06 hectares in 1925.

There were 2,592 certificates of alienable and disposable public lands made to the director of lands during the year, covering a total area of 50,957 hectares, as compared with 2,309 certificates made in 1925. Besides these certificates there were examined and certified to the bureau of lands under special requests 695 parcels of land, with an aggregate area of 14,605 hectares.

During the year there were received from the general land registration office 82 cadastral and 1,522 ordinary cases of forest land registration, as against 71 cadastral and 1,205 ordinary cases of 1925, or an increase of 11 cadastral and 317 ordinary cases.

In accordance with the old policy, only such forest land registration cases involving areas of essentially forest lands were contested by the bureau of forestry.

As to private woodlands registration cases, there were issued during the year 57 certificates of registration, covering 102 parcels of land, with a total area of 6,219.39 hectares. Of this area, 1,708.74 hectares were of highland forests, 661.46 hectares mangrove swamps, and 3,849.17 hectares nonforested lands. There were also issued 15 provisional certificates of registration, covering 27 parcels of land, with a total area of 2,493.58 hectares. As many of the claimants possess no better documents than mere land-tax declarations, unsupported by proper proofs of ownership, the bureau of forestry declared during the year 80 claims, with an aggregate area of 2,950.96 hectares, as public forests in accordance with section 1820 of the administrative code. The private woodlands registered so far since the year of 1900 now number 1,573 parcels, with an aggregate area of 478,502.6934 hectares.

During the year 52 parcels of communal forests were amended and 96 new ones established or a total of 148 parcels with an aggregate area of 11,457.86 hectares, as against 112 parcels during 1925 with a total area of 14,934.84 hectares.

As to the mapping and drafting work, 15,608.621 kilometers of trail notes were taken. A number of progressive maps have been prepared both on drawing papers and on tracing cloths. Also maps on communal forests and land classifications, both on drawing papers and tracing cloth, have been prepared.

DIVISION OF LICENSES

The lumbering industry of a large majority of the ordinary licensees showed a great progress during the year. This is due to the growing demand for Philippine timber from neighboring countries, as well as from the American market. During the year there were cut and manifested by the licensees 953,444 cubic meters of timber or an increase of 9.5 per cent over the 870,456 cubic meters cut and invoiced in 1925.

As a result of the more frequent inspection and propaganda work, there were detected during the year 591 cases of violation committed by licensees, as against 629 reported in 1925. There were also detected 1,140 cases of violations committed by nonlicensees, as against 1,497 cases reported in the preceding year. The auxiliary invoices for all of these violations amounted to ₱23,899.37 in forest charges and recharges, as against ₱41,204.10 for those in 1925. Violations in caiñgins involved 94,557.07 cubic meters of forest products, and the amount of forest charges and recharges therefor totaled ₱148,531.17.

During the year there were issued a total of 8,091 licenses, consisting of 2,139 ordinary timber licenses, 3,290 ordinary minor product licenses, 17 special licenses, 136 public gratuitious licenses, 21 miners' gratuitious licenses, and 2,488 private gratuitious licenses, as against a total of 7,675 licenses in 1925.

Bond deposits amounting to ₱7,267.41 were forfeited, while ₱6,409.51 were refunded during the year. The total amount of bond deposits on hand up to December 31, 1926, is ₱201,264.07 and the total amount forfeited since the inauguration of the bonding system is ₱59,182.37.

There were issued during the year 3,751 special-use permits, as follows: 2,296 for residence, 567 for pasture, 347 for fishponds, 126 for nipa and bacauan plantations, 18 for salt works, 14 for sawmill sites, and 383 for other special uses. This year's number is 1,816 smaller than that for 1925. This decrease was due to change in policy, that instead of generally granting special permits, the applicants were encouraged to apply for the lands under the Public Land Laws instead of the Forest Law. Almost 1,000 applications for special permits were disapproved during the year.

Caiñgin permits were granted only where there was a public calamity. There have been issued during the year 2,159 caiñgin permits, covering an area of 4,507.07 hectares, or 792.57 hectares more than the area cleared in 1925. There have also been granted 371 permits for which rental was paid, and 324 caiñgin applications were disapproved this year as against 151 in 1925.

BUREAU OF LANDS

GENERAL STATEMENT

During the year there were 23 appointments made to permanent positions and 75 appointments to temporary positions in the bureau of lands, while the separations among permanent and temporary employees were 81 and 166, respectively, as may be seen from the following statement:

	Permanent	Temporary	Total
Total number of employees on Jan. 1, 1926	764	440	1,204
Appointments made during the year	23	75	98
Total number of employees during the year	787	515	1,302
Separations from the service during the year	81	166	247
Personnel of the bureau on Dec. 31, 1926	706	349	1,055

NOTE.—The laborers, sketchmen, chainmen, rodmen, linemen, etc., are not included in this list.

The annual appropriation for salaries of the classified personnel of the Bureau of Lands, exclusive of that for the administration of the friar lands estates and the San Lazaro estate, for the past five years has been as follows:

Year	Appropriation	Increase (+) or decrease (−) over previous year
1922	₱720,200	----------
1923	623,280	−96,920
1924	690,700	+67,420
1925	753,040	+62,340
1926	759,080	+6,040

It will be seen from the foregoing statement that the annual salary appropriation of the bureau for the last five years has remained almost stationary, in spite of the fact that during the same period there has been an unprecedented increase in the work of the bureau resulting from the rapidly increasing number of applications for public lands and surveys of all kinds, not to mention the

great amount of ordinary and cadastral land registration cases that have to be attended to.

The following tables show the appropriations, expenses, and receipts for the Bureau of Lands (proper), the friar lands estates, and the San Lazaro estates during the year as compared with those for 1925:

	1925, Act No. 3217	1926, Act No. 3227	Increase (+) or decrease (−)
Appropriation:			
Bureau of lands (proper)	₱1,412,070.13	₱1,443,825.00	+₱31,754.87
Friar lands estates	183,868.70	184,258.15	+389.45
San Lazaro estate	7,340.00	7,290.00	−50.00

	1925	1926	Increase (+) or decrease (−)
Expenses:			
Bureau of lands (proper)	₱1,640,402.63	₱1,641,674.59	+₱1,271.96
Friar lands estates	151,297.27	149,130.83	−2,166.44
San Lazaro estate	6,708.19	6,053.58	−654.71
Receipts:			
Bureau of lands (proper)	755,291.15	492,204.51	−263,086.64
Friar lands estates	982,751.77	962,228.58	−20,523.19
San Lazaro estate	264,909.54	214,388.26	−51,521.28

The following comparative statement gives the per capita receipts and expenditures of the Bureau of Lands (proper) for the last five years:

Fiscal year	Receipts, total	Receipts per capita	Expenditures, total	Expenditures per capita	Estimated population
1922	₱676,042.82	₱0.0598455	₱1,432,597.10	₱0.1268181	11,296,569
1923	495,833.57	.0429068	1,556,752.75	.1347104	11,556,286
1924	433,472.97	.03685906	1,418,817.53	.12036717	11,787,412
1925	755,291.15	.06374894	1,410,792.59	.11907534	12,058,522
1926	492,204.51	.04064887	1,641,674.59	.13557823	12,108,688

The total cadastral collections during 1926 was ₱229,614.64, as against ₱228,757.36 during 1925.

The total balance of the fund on account of Father Crisostomo's donation, as of January 1, 1926, was ₱970.94, and the total receipt during this year was ₱2,603.50, giving a total of ₱3,574.44. Deducting from this total the amount of ₱21.82, for administrative expenses during the year, there remains a net total balance of ₱3,552.62 as of December 31, 1926.

One of the most important and delicate investigations conducted during the year was that of alleged violations of the public land law by Japanese corporations engaged in agricultural development in the Province of Davao. This investigation was ordered on account of certain public statements purporting said allegation of violations attributed to one of the prominent members of the party of provinncial governors upon their return to Manila from their tour to different Provinces about the middle of the year. The assistant director and the chief of the law division, both of the bureau of lands, were designated as a committee to conduct the investigation, which lasted more than two months. According to the findings of the committee, the alleged violations of the public land law by Japanese corporations did not exist, but on the contrary the Japanese people in Davao have made and are making an immense material contribution to the rapid development of agriculture of that Province.

In short, it may be stated that, on the whole, the year 1926 recorded an appreciable increase in the amount of work accomplished by the bureau of lands. The figures given throughout this report show the accomplishments of the bureau in connection with its more important activities during the five years from 1922 to 1926, inclusive. In public lands concessions, in survey executed, in reduction of survey costs and in collections, the said five-year period compares very favorably with any other five-year period in the history of the bureau.

Public lands concessions

HOMESTEADS

Year	Applications received		Entries		Patents issued	
	Number	Area, in hectares	Number	Area, in hectares	Number	Area, in hectares
1923	7,535	124,045.2214	1,004	14,741.3187	1,224	13,391.7893
1924	7,093	109,753.8483	1,801	27,620.2214	974	11,924.4717
1925	8,105	129,057.5590	2,526	37,087.7104	1,727	18,352.9603
1926	13,473	223,318.4485	2,054	29,866.9448	1,572	17,219.7030

FREE PATENTS

Year	Applications received		Patents issued	
	Number	Area, in hectares	Number	Area, in hectares
1923	6,936	35.237.4535	476	2,096.8507
1924	3,995	16,353.0631	335	966.2733
1925	3,461	11,614.6647	554	2,217.1135
1926	1,235	7,118.2468	263	1,315.1181

SALES (AGRICULTURAL LANDS)

Year	Applications received		Awards		Patents issued	
	Number	Area, in hectares	Number	Area, in hectares	Number	Area, in hectares
1923	452	15,333.7842			29	2,772.6362
1924	419	13,987.8279			29	2,856.2562
1925	445	17,311.5325	51	1,222.1726	41	2,101.0402
1926	712	37,881.0299	103	3,297.9541	46	883.5440

SALES (NONAGRICULTURAL LANDS)

Year	Applications					
	Miscellaneous		Insular government property		Town sites	
	Number	Area, in square meters	Number	Area, in square meters	Number	Area, in square meters
1923	467	4,656,695.07	141	1,136,078.53		
1924	208	428,040.35	89	9,324,870.00	47	130,500.00
1925	198	4,207,499.29	42	1,620,479.00	22	135,915.98
1926	241	904,822.00	217	5,400,551.70	48	91,013.89

LEASES (AGRICULTURAL LANDS)

Year	Applications received		Awards made	
	Number	Area, in hectares	Number	Area, in hectares
1923	151	25,019.2380	5	654.1786
1924	115	23,041.1418	9	4,163.3586
1925	125	31,183.1742	10	6,455.8395
1926	289	75,799.7684	3	1,514.9988

Public lands concessions—Continued

LEASES (NONAGRICULTURAL LANDS)

Year	Applications					
	Miscellaneous		Insular government property		Reclaimed lands	
	Number	Area, in square meters	Number	Area, in square meters	Number	Area, in square meters
1923	49	744,335.00	15		1	
1924	67	695,686.00	15		1	
1925	42	267,714.45	5		3	
1926	181	1,246,977.00	10		7	

Year	Applications					
	Foreshore				Revocable permits	
	Received		Approved			
	Number	Area in square meters	Number	Area in square meters	Number received	Number approved
1923	57					
1924	50					
1925	79		5	107,698	332	159
1926	87		6	8,870	321	242

Transfers of homestead rights.—One hundred and sixty-one transfers of homestead rights covering 2,055.2862 hectares were received in the bureau during 1926, as against 151 involving 1,964.4477 hectares during the previous year.

Standing applications.—There were 55,021 homestead applications covering 855,286.7535 hectares pending action at the close of the year 1926 while at the end of the year 1925 there were 45,621 standing homestead applications for 695,827.8208 hectares.

Transfers of sales rights.—Eight transfers of sales rights were received during the year covering an area of 128.4377 hectares, as against 9 containing an area of 92.3269 hectares during the previous year, or a decrease of one application, but an increase of 36.1108 hectares in area.

Repurchase of property forfeited for nonpayment of taxes

	1926	1925
Number of applications for repurchase of forfeited properties received	8,590	9,632
Number of applications approved	8,238	7,157
Number of applications returned to provincial treasurers for comment and recommendation	809	647

MINERAL LANDS CONCESSIONS

Gold.—The number of mining claims located during the year under review may be seen from the following comparative table:

Year	Locations					
	Lode		Placer		Total	
	Number	Area, in hectares	Number	Area, in hectares	Number	Area, in hectares
1925	123	1,088.6500	104	789.3279	227	1,877.9779
1926	172	1,528.7000	68	418.5355	240	1,947.2355

Only one lode patent was issued during the year, that being patent No. 115 issued to the Ukab Mining Co. on September 7, 1926, under application No. 154, for an area of 6 hectares. This raises to 17 the total of lode patents issued since 1922, and the area to 125.66 hectares. No placer patent was issued during the year 1926. The total number of placer claims patented since July 1, 1902, to December 31, 1926, is 18, with a total area of 376.3826 hectares.

Coal.—No coal patents have been issued ever since Act No. 1128 was repealed by Act No. 2719 on May 14, 1917. Instead of coal patents, coal leases, and coal revocable permits are being issued under the said Act No. 2719. There had been issued, in all, 11 coal patents under Act No. 1128. Three of these patents reverted to the government in 1913, thus reducing the total number to only 8, with a total area of 338 hectares. Only one new coal revocable permit application was received during the year. This and two others previously received were given their corresponding revocable permits, and the three have an aggregate area of 5.7391 hectares. The status of all coal revocable permit applications, since the enactment of Act No. 2719, in 1917, to December 31, 1926, is as follows:

Total number of applications received		197
Number of applications canceled	92	
Number of applications approved	101	
Total number of applications acted upon		193
Total number of applications pending on Dec. 31, 1926		4
Total area covered by applications received		3591.9693
Area covered by applications canceled	753.4500	
Area covered by applications approved	2776.5193	
Total area covered by applications acted upon		3529.9693
Total area covered by applications pending on Dec. 31, 1926		62.0000

Not a single new coal lease application was received during the year, but four of those previously received, with a total area of 1579.1406 hectares, were awarded. The status of coal lease applications at the close of the fiscal year 1926 is as follows:

Total number of applications received		36
Number of applications canceled	24	
Number of applications approved	11	
Total number of applications acted upon		35
Total number of applications pending on Dec. 31, 1926		1
Total area covered by applications received		14,740.5119
Area covered by applications canceled	8,860.8650	
Area covered by applications approved	5,830.6469	
Total area covered by applications acted upon		14,691.5119
Total area covered by applications pending on Dec. 31, 1926		49.0000

Geological exploration leases.—No new application for geological exploration leases was received during the year. The following table shows the number and area of geological exploration leases applied for, granted, and canceled in each year since the enactment of Act No. 2932 on August 31, 1920:

Year	Applications				Exploration leases			
	Received		Canceled		Granted		Canceled	
	Number	Area, in hectares	Number	Area, in hectares	Number	Area, in hectares	Number	Area, in hectares
1920								
1921								
1922	14	246,200	5	91,200	8	107,000	2	12,000
1923	1	3,600	1	48,000	1	3,600	1	10,800
1924	2	8,900			2	8,900	2	21,600
1925							4	39,100
1926							2	36,000
Total	17	258,700	6	139,200	11	119,500	11	119,500

It may be seen from the above table that by December 31, 1926, all geological exploration leases granted had already been canceled. By the said date also no geological exploration lease application was left pending action.

Petroleum drilling leases.—The following table shows the number and area of petroleum drilling leases applied for, granted, and canceled in each year since Act No. 2932 was enacted in 1920:

Year	Applications				Drilling leases			
	Received		Canceled		Granted		Canceled	
	Number	Area, in hectares	Number	Area, in hectares	Number	Area, in hectares	Number	Area, in hectares
1920	3	3,587.8100			3	3,587.8100		
1921	37	30,012.5751			21	17,577.5751		
1922	29	31,658.0000	4	4,460.0000	21	22,558.0000	7	6,304.0000
1923	13	14,356.0000	17	12,753.0000	11	12,700.0000	17	18,278.0000
1924					5	5,978.0000	32	35,835.3851
1925								
1926							5	1,984.0000
Total	82	79,614.3851	21	17,213.0000	61	62,401.3851	61	62,401.3851

It may be seen from the above table that, as in the case of geological exploration leases, by December 31, 1926, all petroleum drilling leases granted had already been canceled. By the said date also, no petroleum drilling lease application was left pending action.

In brief, the mineral patents, permits, and leases in force on December 31, 1926, as compared with those for 1925, are as follows:

Concessions	1925		1926	
	Number	Area, in hectares	Number	Area, in hectares
Lode patents	114	876.9735	115	882.9730
Placer patents	18	376.4226	18	376.3826
Coal patents	8	338.0000	8	338.0000
Coal revocable permits	63	1,435.7612	58	1,416.4597
Coal leases	6	3,131.5063	9	4,310.6469
Geological exploration leases	2	3,600.0000		
Petroleum drilling leases	5	1,984.0000		
First-class Spanish concessions	481	3,963.8930	481	3,963.8930
Total	697	15,706.5566	689	11,288.3552

Survey of mineral lands.—The following tables show the number of claims and areas of mineral lands surveyed since the organization of the mineral lands division in 1921:

Surveys	Number of surveyed claims					
	1921	1922	1923	1924	1925	1926
Location		80	53	104	19	64
Lode	8	8		4	8	2
Placer			7			
Coal leases	3		1	2	2	
Petroleum leases		3	4			
Miscellaneous						7
Total	11	91	65	110	29	73

	Areas, in hectares					
	1921	1922	1923	1924	1925	1926
Location		720.0000	477.0000	1,250.0000	173.0000	548.0000
Lode	56.3687	58.0749		36.0000	68.9995	18.0000
Placer			384.0000			
Coal leases	1,745.3388		400.0000	721.1406	402.0000	
Petroleum leases		3,587.8140	1,585.0556			
Topographical						420.0000
Total	1,801.7075	4,365.8889	2,846.0556	2,007.1406	643.9995	986.0000

During 1926, 86 mining claims were inspected for assessment work and for compliance with the requirements of law regarding the placing of posts. Besides 7 conflicts relating to mining claims, one each in the Provinces of Albay, Batangas, Mountain, Tayabas, and Zambales and 2 in Occidental Negros, were investigated and disposed of during the year. A total of 611 instruments pertaining to mining claims were received for registrations in the mining registries in the Provinces in 1926, as compared with 622 instruments recorded in 1925.

LAND SURVEYS

Isolated land surveys.—While all the isolated surveys of public lands are done by public land surveyors, the survey of isolated private lands, as a matter of policy, is left as far as possible to private surveyors. During the year, only 193 surveys of this kind, or 2.9 per cent of the 6,544 surveys received, were undertaken by public land surveyors.

The following table shows in a comparative way the surveys completed during the years of 1925 and 1926:

Land surveys	1925			1926		
	Number of surveys	Number of parcels	Area, in hectares	Number of surveys	Number of parcels	Area, in hectares
Private lands [1]	4,515	12,317	68,413.22	4,379	13,863	65,522.05
Private lands [2]	195	438	2,264.93	152	562	2,642.09
Public lands	3,337	3,919	41,609.72	1,510	1,882	20,017.53
Miscellaneous	806	122	485.63	926	2,436	129,553.68
Total	8,853	16,796	112,773.50	6,967	18,743	217,735.35

[1] Surveyed by private-land surveyors. [2] Surveyed by public-land surveyors.

While the number of surveys completed in 1926 was smaller than that for 1925, the number of parcels involved was greater by 11.6 per cent, and the total area by 93 per cent. For the period from 1905 to 1926, inclusive, the work finally completed in isolated and miscellaneous land surveys is made up of 248,448 lots, with an aggregate area of 2,711,386 hectares.

Cadastral land surveys.—During 1926, the Governor General authorized the survey of 11 cadastral projects containing 75,155 parcels, with an aggregate area of 157,444 hectares. There were 18 new cadastral surveys inaugurated during the year. These involved 104,773 lots with a total area of 207,190 hectares. Of the old projects, the field work on 20 of them, involving 76,298 lots, with an aggregate area of 209,028 hectares, was completed, and so was the computation work on 12 projects, composed of 36,128 lots with a total area of 151,815 hectares. The work on cadastral survey maps on 44 cases, involving 33,857 lots and a total area of 147,821 hectares, was completed during the year, as compared with 43 cases, 29,175 lots, and 126,850 hectares in 1925, or an increase of 1 map, 4,682 lots, and 20,971 hectares. The work on cadastral surveys completed during 1926 involved approximately 75,631 lots with an aggregate area of 180,350 hectares, against 38,631 lots and 126,257 hectares in 1925. This brings up the total of cadastral surveys completed since the year of 1910, when the first cadastral projects were inaugurated, to 618,331 lots with an aggregate area of 2,150,277 hectares. On December 31, 1926, the number of cadastral projects in progress in the field was as follows:

Under Act No.—	Number of projects	Approximate		Sketched		Surveyed	
		Number of lots	Area, in hectares	Number of lots	Area, in hectares	Number of lots	Area, in hectares
2259	30	214,834	505,052	125,734	275,485	86,259	168,744
2874	1	10,000	7,000	5,000	5,000	100	100
2989	2	10,000	19,500	8,500	18,776	6,600	10,500
Total	33	234,834	531,552	139,234	299,261	92,959	179,344

The enactment of Act No. 2989, now repealed by Act No. 3327, initiated a new policy in the execution of cadastral surveys in the Philippines by including such activities within the scope of private enterprises. So far only four cadastral projects, involving 26,446 lots, with an area of 52,025 hectares, have been assigned to private land surveyors duly authorized to execute cadastral surveys. With the enactment of Act No. 3327, however, it may be expected that a greater amount of cadastral surveys will be undertaken by private land surveyors.

Cadastral court cases.—Since the year 1910, when the first cadastral case was filed in court, up to December 31, 1926, a total of 674 cases, involving 560,545 lots and a total area of 2,085,810 hectares, have been filed, of which only 336 cases, involving 264,886 lots and 1,090,728 hectares, have so far been decreed.

Cost of isolated land surveys.—The results for the year under review are highly favorable to the administration in that the money spent for nonreimbursable surveys has been reduced from ₱189,274.80 for the survey of 8,583 lots in 1925 to almost one-half—that is, to ₱90,065.64 for the survey of 10,788 lots, thus bringing down the average cost per lot from ₱22.08 in 1925 to ₱8.35 per lot in 1926. In the case of reimbursable surveys, the results obtained in 1926 are equally favorable, there being an unprecedented increase in the number of surveys and a considerable reduction in cost. In 1925 there were only 801 lots surveyed, at an average cost of ₱88.21 per lot, while this year, 1926, not less than 18,776 lots were surveyed, at the average of only ₱10.78 per lot.

Cost of cadastral land surveys.—The total cost from the beginning (in 1910) to December 31, 1925 and 1926, respectively, is, briefly, as follows:

	1925	1926
In progress, bureau of lands:		
In the field	₱996,219.15	₱895,787.44
In the Manila office	171,944.69	663,664.12
Total in the bureau of lands	1,168,163.84	1,559,451.56
In progress, courts of first instance:		
Filed in court	4,296,723.00	4,674,111.92
Costs certified	1,778,239.04	1,550,069.70
Total in the courts	6,074,962.04	6,224,181.62
Total in progress	7,243,125.88	7,783,633.18
Finally decreed:		
Costs distributed	1,661,526.49	1,889,144.46
Grand total	8,904,652.37	9,672,777.64

Land claims and conflicts.—During the year 972 orders of investigation were issued, as compared with only 789 in the preceding year. The bureau of lands rendered 1,308 decisions in 1926, involving 1,522 claims by private persons and 2,115 public-land applications, and disposed of 130 petitions for reconsideration of orders and other decisions rendered by the director of lands. Of the appeals from the decisions of the bureau of lands taken to the office of the secretary, 52 were acted upon during the year, besides a number of requests for reconsideration of the secretary's decision.

Legal work.—Briefly, the legal work accomplished during the year on land registration, as compared with that for 1925, may be summarized as follows:

Nature of work	1925	1926
Number of petitions prepared for filing by the attorney general on cadastral cases under Act No. 2711 and Act No. 2259.	43, comprising 29,175 lots covering 126,850 hectares.	38, comprising 30,260 lots, covering 93,539 hectares.
Number of petitions prepared and filed for compulsory registration proceedings under secs. 50 and 85 of Act No. 2874.	32, consisting of 581 lots, 4,642 hectares, in 17 Provinces.	45, consisting of 986 lots, 33,537 hectares, in 24 Provinces.
Number of applications for the registration of lands or the judicial confirmation of land titles, received from Courts of first instance and examined.	1,402, involving 25,426 hectares	1,492, covering 25,764 hectares.
Number of Government claims or oppositions filed in courts of first instance in registration proceedings:		
(*a*) Claims filed under sec. 1855 of Act No. 2711.	56, consisting of 1,847 lots, covering 18,452.7 hectares.	65, consisting of 999 lots, covering 45,439.7 hectares.
(*b*) Claims filed under secs. 50 and 85 of Act No. 2874.	18, consisting of 570 lots, covering 9,742.6 hectares.	29, consisting of 50 lots, covering 209.7 hectares.
(*c*) Oppositions filed in involuntary registration cases.	102	146.
(*d*) Orders of investigation previous to ordinary registration cases.	233	181.

Sales contracts canceled.—For various reasons, sales contracts involving 55 lots with an aggregate area of 1,685.1776 hectares and valued at ₱138,078 were canceled during the year, as compared with 38 contracts affecting as many lots containing 1,979.6651 hectares, valued at ₱104,703 in 1925.

FRIAR LANDS ESTATES

Sales and permits.—There were sold during the year 159 lots containing an area of 893.6230 hectares, valued at ₱102,576.20, while during the previous year 163 lots covering 1,540.3378 hectares whose value was ₱113,039 were sold. The decrease is due to the fact that the lands remaining unsold are usually those less desirable as regards both location and soil condition. The various kinds of permits issued during the year totaled 362, as against 268 in 1925.

Lands sold and fully paid.—There were 1,005 lots containing 1,580.6207 hectares valued at ₱210,988.62 paid in full during 1926, as compared with 909 lots involving 874.3862 hectares valued at ₱171,166.70 during the previous year, an increase of 80.8 per cent in area and 23.3 per cent in value.

Deeds of conveyance issued.—There were issued during the year 644 deeds of conveyance covering 677 lots containing an aggregate area of 1,040.3067 hectares valued at ₱154,065.85, as against 1,062 deeds involving 1,070 lots with an aggregate area of 857.6206 hectares valued at ₱153,076.03 during 1925.

Collections.—The receipts from all sources in connection with the disposition and administration of the friar lands during 1926 amount to ₱949,201.11, as compared with ₱957,217.12 collected during the previous year.

Suits filed.—To enforce the collection of defaulted installments and interests, there were filed during the year 17 civil cases in the municipal court, city of Manila, as against 42 civil cases filed during the previous year.

Construction and repairs of irrigation systems.—During the year ₱65,317.40 was spent for the repairs of important structures, aqueducts, and ditches which were severely damaged by floods, typhoons, etc. This was necessary to maintain the systems in good working order and insure a steady and regular flow of water. During 1925 there was spent ₱62,281.91 for similar purposes.

Construction of roads and bridges.—Several important interbarrio roads in the friar lands estates, running through isolated places where vacant lots are available for sale, were suspended on account of lack of appropriation. It is hoped, however, that with the ₱70,000 available for that purpose under Act No. 3390 the construction can be undertaken in 1927.

Friar lands investment fund.—The following is a detailed statement of the friar lands investment fund:

Operating capital Jan. 1, 1926, as finally readjusted by the bureau of audits	₱268,807.09	
Less: Outstanding loans Jan. 1, 1926	265,599.69	
Balance available Jan. 1, 1926		₱3,207.40
Add: Total collections on expired loans during 1926	₱58,954.82	
Total collections on interest during 1926	18,547.05	
		77,501.87
Total funds available during 1926		80,709.27
Less: Total disbursements for loans granted during 1926		65,996.00
Balance available for operation Jan. 1, 1927		14,713.27
Add: Total outstanding loans collectible Jan. 1, 1927		272,640.87
Operating capital of the friar lands investment fund, Jan. 1, 1927		287,354.14
Gain during the year 1926		18,547.05

SAN LAZARO ESTATE

Disposition.—All the lands in the San Lazaro estate have already been sold except such lots as are needed for public purposes, and the only work that is being done in relation thereto are: The collection of installments and interests, the issuance of deeds of conveyance, and the administration of the San Lazaro investment fund, as per the following tabulated statements:

Occupied lands with contracts

Disposition	Number of lots	Area, in square meters	Value
Sold and fully paid up	1,637	372,764	₱1,223,848.27
Sold but partially paid	800	225,520	814,901.55
Leased	16	14,696	35,330.00
Total	2,453	612,980	2,074,079.82

Occupied lands without contracts

Disposition	Area, in square meters	Value
Bilibid prison	34,855	₱88,190.00
Bilibid prison extension	36,430	91,075.00
San Lazaro Hospital	100,395	340,022.00
2-meter alleys and water-closets	25,189	102,082.00
Streets occupied by the city of Manila	259,149	951,847.00
Total	456,018	1,573,216.00

Summary

Disposition	Area, in square meters	Value
Total occupied lands with contracts	612,980	₱2,074,079.82
Total occupied lands without contracts	456,018	1,573,216.00
Vacant lot in front of Bilibid prison	219	2,340.00
Total	1,069,217	3,649,635.82

Collections.—During the year 1926, the total receipts collected from different sources in connection with the San Lazaro estate amounted to ₱214,560.17, against ₱276,172.47 in 1925, as may be seen from the following itemized statement:

	1925	1926
Sales	₱127,874.91	₱79,486.26
Interest on deferred payments	20,944.18	14,612.31
Rents	518.00	1,009.23
Interest on loans	126,807.38	119,317.06
Miscellaneous	28.00	135.31
Total	276,172.47	214,560.17

San Lazaro investment fund.—The following itemized statement shows the transactions in relation to the San Lazaro fund during 1926:

Operating capital Jan. 1, 1926, as finally readjusted by the bureau of audits	₱1,630,258.02	
Less: Outstanding loans Jan. 1, 1926	1,470,719.62	
Balance available Jan. 1, 1926		₱159,538.40
Add: Collections on installments on sales of lands during 1926	₱79,849.26	
Collections on loans during 1926	335,849.78	
		415,336.04
Total funds available during 1926		574,874.44
Less: Disbursements for new loans granted during 1926		557,896.50
Balance available for operation Jan. 1, 1927		16,977.94
Add: Total outstanding loans collectible Jan. 1, 1927		1,692,766.34
Operating capital of the San Lazaro investment fund, Jan. 1, 1927		1,709,744.28
Gain during the year 1926		79,486.26

BUREAU OF SCIENCE

GENERAL STATEMENT

The director went on leave to the United States about the middle of the year. He attended the International Botanical Congress at Ithaca, N. Y., in August, and the Third Pan-Pacific Science Congress held in Japan in October–November. To this latter congress, the chief of the fisheries division, the chief of the division of mines, and a geologist, all of the bureau of science, also went as representatives of the Philippine government. The assistant director, Mr. Victoriano Elicaño, was acting director of the bureau from July 1 to October 12, and Mr. Angel S. Arguelles, chief of the division of soils and fertilizers, was acting director from October 13 to November 30, 1926, when the director returned from abroad.

During the year 1926 the activities of the bureau of science from the standpoints of routine, research, and cooperation with other entities continued to increase, while considerable improvement was made in the material condition of its plant particularly the serum laboratory at Alabang. More routine work was done for the government and private individuals than in any past year.

Among the outstanding accomplishments of the bureau of science in the way of routine was the furnishing of more than 6,000,000 doses of vaccines and sera to the Philippine health service. Of these, 2,229,327 doses were sold to the service at a cost of ₱172,493.32, while 4,124,644 were furnished free. The average cost to the Philippine health service for all was ₱0.0271 per dose. During the year, 40,380 bottles of tikitiki extract for the treatment of infantile beriberi were furnished free of charge.

Another outstanding accomplishment during the year was the stocking of Laguna de Bay and Cagayan Valley River system and other lakes and rivers with carp.

Expenditures, income, and free work.—The expenditures for the year 1926 were ₱665,718.32. The cash income from the operation of the bureau of science amounted to ₱377,154.31, while free work to the value of ₱1,957,246.90 was done for other government entities. The cash income and the value of the free work together amounted to ₱2,334,401.21. Subtracting from this total the expenditures of the bureau, there is a balance of ₱1,668,682.89, which represents the profit to the government for operating the Bureau of Science. The actual cost to the government is the amount expended, ₱665,718.32, minus the actual income, ₱377,154.31, leaving ₱288,564.01, for which the bureau did ₱1,957,246.90 worth of free work, or ₱6.78 worth for each peso expended by the government.

The amount of work for other government entities was increased over that for 1925 by ₱484,376.86. The income from operations was increased for every division, except the serum section of the biological laboratory, where there was a decrease due to two factors. In 1925 the United States Army and Navy purchased a large amount of cholera and typhoid vaccines for vaccinating their forces and, having vaccinated extensively in 1925, did not use these vaccines to the same extent in 1926. The other factor is that while the bureau furnished the Philippine health service with very much larger quantities of vaccines and sera in 1926 than in 1925, the charge was about ₱20,000 less.

Among the analyses that were done free for the government are the following: 9,588 tests of cement; 1,847 tests of concrete, stone, etc.; 8,445 examinations of foods and beverages; 51,682 examinations of faeces; 8,141 biological tests of water; and 55,388 rats inspected for plague.

Among the materials furnished free of cost, the most outstanding items are: 49,380 bottles of tikitiki extract with a cash value of ₱34,566 the manufacture of which has cost the bureau of science ₱27,225.98, and 4,425,381 units of sera and vaccines with a cash value of ₱826,419.

In addition to the free work mentioned above, the bureau of science gave free at the bureau 1,022 Pasteur antirabic treatments, valued at ₱5,110, and sent to the Provinces 1,027 treatments, valued at ₱5,135, or a total of ₱10,245. Each treatment consists of 25 injections, one daily.

Again, in addition to the work mentioned above, the bureau of science determined free of charge for other government entities and private parties innumerable specimens of plants, insects, rocks, and minerals, and other materials, besides entering into numerous consultations and minor researches for the promotion of government and private interests.

In the above description of the returns that the bureau of science makes to the government no mention has been made of the very valuable research undertaken by the different divisions and published in the Philippine Journal of Science which has been of great value both to the government and to private interests and in the promotion of health conditions in the archipelago as well as in increasing scientific knowledge. A list of the most important research work accomplished during the year is given in the annual report of the director of the bureau of science.

On the basis of the above figures, the expenditures, actual receipts, and the value of the free work done per capita of the country's population are as follows:

Year	Expenditures		Receipts		Free work	
	Total	Per capita	Total	Per capita	Total	Per capita
1921	₱789,758.79	₱0.07	₱268,702.77	₱0.02		
1922	626,334.57	.05	343,651.33	.03		
1923	580,007.91	.05	366,492.87	.03		
1924	620,492.11	.0525	330,295.96	.0279	₱807,322.60	₱0.0683
1925	633,730.93	.0534	388,697.76	.0328	1,472,870.04	.1243
1926	665,718.32	.0550	377,154.31	.0311	1,957,246.90	.1616

Cooperation.—The cooperative arrangements existing between the bureau of science and the United States Army Medical Department Research Board, the Bureau of Agriculture, the United States Cordage Institute, and the Manila Railroad Co., for conducting certain researches were continued throughout the year, and a summary of the results accomplished is given in the annual report of the bureau of science.

Home canning and food preservation.—The work of preparing recipes for the preservation of Philippine food products and of popularizing home canning by means of publications and practical demonstrations was continued, with gratifying results. During the year about 10,000 copies of a bulletin giving a large number of canning recipes were distributed, and demonstrations and food preservation and home canning were held in the principal towns of 14 Provinces. These demonstrations aroused very considerable interest, and there is reason to believe that many people have been induced to do home canning. Numerous letters and resolutions congratulating the bureau of science on the success of this work have been received from provincial and municipal officials and others. Heretofore this activity constituted a section of the division of organic chemistry, but in 1927 it will be made into a separate division pursuant to the provisions of Act No. 3308, which, among other things, makes an additional appropriation of ₱30,000 for the purpose.

ACTIVITIES

Biology division.—The amount of routine work performed has been considerably increased, due partly to outbreaks of cholera and bacillary dysentery. The increase in the production of various kinds of vaccines was made possible by prompt action in adding two extra rooms to the serum laboratory at Alabang. The great demand for dysenteric serum during the outbreak of bacillary dysentery, not only in Manila but in the Provinces, has increased the work of serum production. As much as 53.84 liters of antidysenteric serum were issued in one month. In the distribution of these products, so useful in combating epidemics, the provincial laboratories at Cebu and Iloilo have rendered good service; they have also been of great assistance to the health service and to private practitioners in detecting, diagnosing, and combating infectious diseases. The research carried on concerned mostly the study of choleralike vibrio, the study of the antigenic quality of various strains of *Bacillus dysenteriae*, and investigations into the pathogenesis, immunity, and transmission of yaws. In this research work, aside from the permanent members of the staff of the division, Dr. K. Yasuyama, lieutenant surgeon, Imperial Japanese Navy, continued to engage as a guest in researches along the lines outlined above.

Botany division.—This division has continued to identify and to furnish necessary information regarding plants sent by government bureaus, courts of justice, and private persons. Botanical exploration of certain regions of the

archipelago resulted in the collection during the year of about 16,914 specimens of phanerogems and vascular cryptogams. Besides, there are 835 packages of cellular cryptogams (mosses, lichens, and fungi) representing a great number of individual specimens which it is difficult to count accurately.

The section of medicinal plants acquired during the year 1926 about 120 medicinal species, some of which are already known to possess medicinal value, but additional data were secured regarding their therapeutic properties. Of this number, 32 are poisonous or possess active poisonous properties. Chemical investigations were made of medicinal plants in connection with *Artabotrys suaveolens*, *Tinospora rumphii*, and *Rourea erecta*. The work on the first two can be considered finished. Very valuable studies from the pharmacognostical standpoint have also been made on the three native drugs *Alstonia scholaris*, *Datura fastuosa*, and *Datura alba*, and in all of them the active principles used in therapeutics have been successfully determined. A study of the glandular hairs of six Philippine aromatic plants which contain volatile oil has been started.

Mycology.—During the past few years extensive collections of fungi have accumulated. Part of this material has been sent to Germany for identification, but all investigations on the higher fungi are now being conducted at the bureau. Forest fungi are being given special consideration, in cooperation with the bureau of forestry, while studies especially on the abaca-fiber deterioration, the bunchy top of abaca, the pineapple fruit rot, and tobacco and cane diseases were made in cooperation with the bureau of agriculture.

Division of general zoology.—The usual amount of taxidermic work, including the mounting of birds and mammals, for the public and for the illustrative collection of the bureau was done during the year. Routine work in the section of entomology includes mounting insects for the collection, identification of miscellaneous insects, supplying the public with information on the destruction of white ants and other household pests, and reading proof of entomological papers published by the bureau. Philippine boring beetles were collected and a large amount of this material was sent to specialists in Europe. Largely for the purpose of getting injurious forest insects, entomological collections were made in Antipolo, the Mount Moises region in Isabela Province, the Mountain Province, the Majayjay region, the island of Alabat, and the Mount Irid region in Rizal Province. Valuable observations and collections on ornithology were made in various parts of Tayabas Province, including Alabat Island, and in Abra, Ilocos Norte, Isabela, Cagayan, Bulacan, and Rizal Provinces.

Division of fisheries.—Aside from purely routine work, the division undertook, among others, the following activities during the year: A reconnaissance of the pearl fisheries of the Sulu Archipelago; inspection of the Pansipit River fisheries for the purpose of determining the best means of protecting them; planting of carp, especially in Lake Bato and Lake Buhi in Camarines Sur, and of carp and mosquito fish in Laguna de Bay; visiting fishing banks in the Visayan Sea; collecting specimens; study of the Japanese muro-ami method of fishing; study of the capture and marketing of the kawag-kawag, or bangos fry, on the coast of Batangas; examining and studying fisheries in various parts of the country; and supervising or directing the laying out of fish ponds. During the year a number of papers and monographs on Philippine fishes and fisheries were completed by the personnel of the division, some of which have already been published.

General inorganic and physical chemistry division.—The routine work of the division has increased considerably, particularly on the cement laboratory, which received a total of 20,137 samples, or 2,873 more than in the previous year. The coal sampled and analyzed amounted to 100,020 tons, an increase of 956 tons over the tonnage for 1925. The penalties imposed during the year for delivering coal of lower quality than that called for in the contract amounted to ₱22,535.07, against ₱14,153 collected in 1925. In addition, there were nearly 1,300 miscellaneous samples, such as water, rocks, ores, minerals, paints, oils, crude chemicals, weights and measures, etc., analyzed or tested during the year. Of the research work, the investigation of the mechanical properties of Philippine woods deserves a special mention. This is almost completed. A chemical and biological survey of several proposed municipal water supplies in the Province of Antique was made at the request of the provincial governor. Similar cooperation was rendered to the bureau of health in the investigation of the prevalence of pulmonary and other infectious diseases among the workers in the industrial establishments of the city of Manila.

Soils and fertilizers division.—The exploitation of guano has grown hand in hand with the growth of the local fertilizer industry. This division has

helped foster the use of guano by indicating the method of its exploitation and by instruction as to the proper mixing of the guano with chemical ingredients. The selling price of guano is based upon the analysis of this laboratory. Effective service has been rendered in umpire work, resulting in adequate valuation of local fertilizer materials. Controversies on the superiority of one class of fertilizer over another are referred to this laboratory for settlement. Valuable assistance has been rendered to the Philippine National Bank in the way of chemical control and preparation of fertilizer specifications in connection with the management of the sugar centrals under the financial control of the said bank. There was most naturally a very close cooperation between this division and the bureau of agriculture. There was an increase in the routine work owing to demands for fertilizers and a growing desire to know more of soil conditions with the view to improving the productive capacity of the land. A number of studies or investigations were under way during the year.

Organic chemistry division.—This division cooperated with other government entities, including the bureau of customs, the bureau of supply, the bureau of justice, the bureau of constabulary, the Philippine health service, the board of pharmaceutical examiners and inspectors, the board of food inspection, and the public welfare commissioner. Cooperation was also furnished the California Packing Co., the government of British North Borneo, and the various commercial agencies and manufacturers in the Philippines in solving their problems and placing them on a higher plane of chemical efficiency in the processes employed by them. There has been a steady increase in analytical work and in the demand for services of the personnel for consultation and expert testimony in courts. The total number of requests for routine analyses was 10,863, with a total cash value of ₱124,276. The total number of samples actually separately analyzed would amount to many thousands more. In research work a number of investigations were in progress during the year. Various papers were published. The work on food perservation and home canning was carried on in a most satisfactory manner. As already indicated under the general statement, this activity will be taken over hereafter by the division of food preservation created by Act No. 3308.

Division of mines.—In cooperation with the bureau of public works, geological studies were made in Tayabas and Pangasinan in connection with the drilling of artesian wells. Assistance has also been rendered to the metropolitan water district in matters concerning the geology of the area where the district has its excavation. The number of assays made in the division has been specially large this year owing to the development and expert examination work done at the Ukab, Bontoc, and Itogon mines. Geological reconnaissance and study were made in Palawan, Tayabas, Pangasinan, Mountain Province, and of the mountains of Zambales. Various papers were prepared during the year. Some of these were presented at the Third Pan-Pacific Congress, held in Tokio, Japan.

WEATHER BUREAU

GENERAL STATEMENT

The ad interim appointments of Father Miguel Selga and Father Miguel Saderra Masó, referred to in our last annual report for the positions of director and assistant director of the weather bureau, respectively, were confirmed by the senate on August 17, 1926. To succeed Father Masó as chief of the seismic division of the bureau, Father Charles E. Deppermann was appointed on September 15, 1926.

The following table shows the receipts and expenditures of the weather bureau, and their receipts per capita of the complete population, during the last six years:

Year	Population	Total receipts	Receipts per capita	Total expenditures	Expenditures per capita
1921	11,042,490	₱426.04	₱0.00003859	₱264,883.34	₱0.02398
1922	11,296,467	728.41	.00006448	223,279.68	.01976
1923	11,556,286	1,214.58	.0001051	213,346.09	.01846
1924	11,822,081	218.31	.0000185	219,317.32	.018551
1925	11,847,899	541.83	.00004573	210,831.20	.0177948
1926	12,108,688	508.28	.00004198	222,132.66	.0183449

METEOROLOGICAL DIVISION

Twelve typhoons took place in the Philippines during the year, as follows: 4 in July, 2 in August, 4 in September, 1 in October, and 1 in November. Two of the September storms caused a considerable damage in the Babuyanes Islands and in Ilocos Norte. The November typhoon was severe in intensity and unusual in its path. It moved across the Provinces of Camarines Norte, Tayabas, Laguna, Batangas, and Cavite and out to the China Sea through the northern part of Lubang Island. Apart from the damage done to coconut plantations, its most regrettable effect was the loss of a great number of lives, caused chiefly in the towns of Batangas and Bauan, Batangas, by the overflowing of the Calumpang River and of two others of very short course and limited watershed. A large number of houses, with their inmates, were carried by the gushing water almost into the sea. The annual rainfall in most agricultural districts of the islands was above normal. Distant typhoons were responsible for the excessive rains that caused damage to crops in northwestern Luzon in June and September and for the floods in central Luzon in September.

With the establishment of meteorological stations in Bontoc, Bangued, and Larena, the weather bureau has practically completed its program of providing the capital of every Province with sufficient means with which to receive typhoon warnings. Typhoon warnings have been sent regularly, not only to all our first, second, and third class observers throughout the Philippines, but also to the Navy stations at Cavite and Olongapo, to the quarantine station in Mariveles, to the artillery engineer in Corregidor, to the surveyor of the bureau of customs in Manila, to the superintendent of the telegraph division of the bureau of posts, to Fort Santiago, and to the Manila Railroad Co. In cases of dangerous typhoons warnings have been sent also to the governors of the Provinces where there is no meteorological station as yet established. Regular typhoon warnings have been sent likewise as heretofore, not only to the observatories of Tokio, Shanghai, Taihoku, and Phulien, but also to the American consul at Hong Kong. The warnings, besides, have been broadcast through the Navy radio station at Los Baños and the radio corporation of the Philippines once or twice a day, and even oftener, if necessary, to all vessels equipped with wireless apparatus.

The weather bureau continued transmitting daily to Washington, D. C., through Los Banos radio station, the 6 a. m. meteorological observations taken at Manila, Guam, Hong Kong, Shanghai, Chichijimo in the Bonin Islands, Coshum in Formosa, Naha in the Loochos Islands, and Kagoshima, Tokyo, and Nemuro in Japan. These observations are used by the United States Weather Bureau in connection with the preparation of a daily international weather chart. As in previous years, contributions were also sent to the Monthly Weather Review of Washington, D. C.

After long delays, the Government of China has at last, about the middle of the year, established on the Pratas Shoal a radio and weather station, the establishment of which has long been advocated by our weather bureau, the Royal Observatory of Hong Kong, and the Hong Kong General Chamber of Commerce as of paramount importance to navigation in the China Sea. The shoal is situated in latitude 20° 42″ N., longitude 116° 43″ E., about 170 miles southeast from Hong Kong. It is thus located in the most prevalent tract of typhoons that approach the British colony and just at the point where the typhoons more commonly change their course on entering the China Sea. From the very beginning our cooperation has been solicited. In fact the Coast Guard Administration of China formally requested that reports from 13 stations of the Philippines be sent by radio twice a day to Pratas. Through the cooperation of the Americal Legation at Peking and the Asiatic communication officer at Los Baños, matters have been satisfactorily arranged, and the Philippine weather bureau began exchanging weather observations with Pratas on August 6, 1926, and has continued the service without interruption to the end of the year. The relations between Pratas and Manila have been most cordial. Aside from its own observations, we now receive through Pratas observations from 10 stations in north China and Korea. These observations are of great value in locating the centers and studying the progressive motion of anticyclones and continental cyclones that move across Korea and Japan toward the Pacific.

At the close of the year there were 166 official stations maintained by the weather bureau, consisting of 8 first-class stations, including the branch

observatory at Mirador, Baguio; 12 second-class stations; 35 third-class stations; 2 seismic stations, reporting also meteorological observations; and 109 rain stations. In addition to these, there were 88 volunteer stations.

Three investigations of cooperative character deserve special mention. The first made possible the publication of a climate map of the Philippines, based on many new stations and including the latest observations of rainfall. The second was a special investigation of the amount and the character of the rainfall of Mindanao and Negros. The third was the preparation of a map, through the joint efforts of the weather bureau and the bureau of agriculture, showing the tracks of all remarkable typhoons that have crossed the Philippines from 1903 to 1926.

SEISMIC DIVISION

The seismic activity in the archipelago in 1926 was below the average. The greatest disturbances occurred in the Philippine Deep, east of Visayas and Mindanao, giving rise to two very strong earthquakes, one in January and another in August. The first did not cause any appreciable damage even in the nearest Province, Samar. The second affected mainly Catanduanes, where several structures were damaged. Central Luzon was strongly shaken in October by an extensive earthquake originating in the region northeast of Pangasinan. The shock was fairly perceptible even in Manila. The vicinity of Ormoc, Leyte, experienced in November a series of local shocks, one of which was quite violent and caused some little damage. The shocks were of a shallow origin, believed to be very likely located not inland in the mountains but to the southwest in the bay. Unfelt disturbances recorded by seismographs slightly exceeded the average in previous years. Fifty per cent were caused by shocks originating outside of the archipelago. There were recorded 13 shocks with origins at distances of 5,000 to 10,000 kilometers.

This year a new seismic service was inaugurated with the United States Coast and Geodetic Survey. As a consequence of the organization of seismic observations and studies in North America the Philippine weather bureau, using a special code, sends to the science service radiograms of the seismic records of earthquakes originating in the Pacific and adjoining western regions. By means of this cooperative service the origin of several submarine earthquakes could promptly be located in October along the route from Vancouver to Japan in the Northern Pacific.

The number of seismic stations has remained practically the same as in preceding years, namely, Manila, Baguio, Ambulong, and Butuan, in the Philippines, and Agana, in Guam.

MAGNETIC DIVISION

In response to the increasing solar activity, because of the approach to a sun-spot maximum, magnetic disturbances were very frequent and strong during the whole year. In fact, no month was free from one or more disturbances. Four, which took place, respectively, in January, February, April, and October, were epoch making for their intensity and the phenomena on the sun's disk and in the atmosphere which accompanied them. On the sun's surface very numerous and large spots were observed, visible at times also by the naked eye. In high latitudes there appeared most conspicuous and persistent displays of aurora, which interfered with all kinds of electric communication. This unusual repetition and intensity of disturbances excited great interest in the principal observatories, which devoted much time in observing the development and workings of the most remarkable and active spots.

ASTRONOMICAL DIVISION

Two investigations of fundamental importance were undertaken and substantially completed during the year, namely, the determination of the latitude of Manila observatory by the best astronomical method and the determination of the longitude of Manila observatory by means of wireless time signals. Over 300 observations of suitable pairs of latitude stars have been reduced and are ready for discussion. During the time of the world longitude determination, which lasted from October 1 to November 30, 1926, signals were received on both long and short waves from distant stations. Bordeaux, Java, Nauen, Hong Kong, Japan, Honolulu, and Saigon on the long waves and d'Issy, Java, Washington, and Honolulu on the short waves.

SPECIAL ACTIVITIES UNDER THE DEPARTMENT

STOCK HERD PROMOTION

(Established under Act No. 2758)

At the beginning of the year there were in all the three stock farms 2,594 head of animals, valued at ₱220,896.85. On December 31, together with 39 head of cattle purchased during the year, there were 2,948 head, consisting of 2,667 cattle and 281 carabaos, altogether valued at ₱234,160.25, exclusive of 102 head sold for ₱9,598.86 and 454 calves born during the year.

The rate of birth this year in the three farms averaged 38.25 per cent, while that of death was only 0.22 per cent.

The total assests at the close of the year, exclusive of the 454 calves which have not yet been appraised and carried in the books for being less than 1 year of age, was ₱303,062.30. This amount is less than that for 1925 by ₱2,528.92. This loss is only apparent, however, and is due to the fact that 26 animals which died in 1925, valued at ₱3,394, were dropped from the books only in 1926. If these animals, therefore, could be dropped out on time, there would be a net gain in 1926 of ₱865.08, which is quite significant if it is borne in mind the fact that prior to 1924 the enterprise has been losing and that the losses in 1922 and 1923 were ₱8,093.88 and ₱5,938.41, respectively.

RICE AND CORN FUND

(Special fund of ₱1,000,000 under Act No. 2818)

Up to December 31, 1926, loans in the amount of ₱1,737,295 had been made, and 329 cooperative rural credit associations, distributed in 35 Provinces, received the benefits of Act No. 3039. At the close of the year there were existing 544 associations, 254 of which were indebted from this special fund.

During the year 75 associations have liquidated their loans, amounting to ₱277,800, including the corresponding interests, and at the close of business on December 31, 1926, the outstand ng loans totaled only ₱750,131.04. Of this sum the amount of ₱340,084.60 represents the total of overdue installments of principal. There are, besides, overdue interests amounting to ₱32,982.67.

At the close of the year the enterprise was worth ₱1,312,250.26, distributed as follows:

Fixed assets: Furniture and office equipment (including the ₱343.96 from interbureau transfer)	₱2,110.70
Liquid assets and deferred charges:	
Cash, insular treasury	562,839.00
Accounts receivable, exclusive of ₱32,982.67 overdue interests	1.25
Loans, including overdue installments	750,131.04
Supplies and materials	23.74
Total assets	1,315,105.73
Liabilities: Accrued leave payable	2,855.47
Total	1,312,250.26

If the overdue interests of ₱32,982.67, which, of course, are a sure money only that they have not yet been collected, are added to the above figures, the total assets would be ₱1,345,232.93. The enterprise is thus now worth ₱345,-232.93 more than the original capital of ₱1,000,000, representing a net gain of 34.52 per cent in less than eight years of operation. By the way, in the 1925 annual report the gain has been erroneously given as ₱582,303.41, or 58.23 per cent when same should have been ₱256,143.09, or 25.61 per cent. Of far greater consideration, of course, are the benefits derived by the borrowing rural credit associations and the individual farmers from the use of the money so loaned to them at a low rate of interest for the greater production of rice and corn. The 1926 expenses totaled ₱7,533.27 as against the average of ₱8,409.79 for all the seven previous years, exclusive of a small amount in each case for accrued leave earned by and payable to some of the employees. The net gain, exclusive of accounts receivable as overdue interests, was ₱56,107.17 in 1926 as against ₱49,092.74 in 1925.

AGRICULTURAL COLONIES

As in 1925 the administration of the insular agricultural colonies was continued through the director of lands and the director of the bureau of non-Christian tribes as delegates of the secretary of agriculture and natural resources, the former administering the colonies in the Provinces of Bohol and Cagayan and the latter those in Cotabato and Lanao. There being no appropriation voted for their support, the colonies had to go on the best they could within their own resources.

Bohol and Cagayan colonies.—The former is the more progressive of the two. In order to relieve these colonies from the precarious situation in which they were found after the funds appropriated for them under the special act became exhausted, it was decided to place the colony personnel under the bureau of lands proper and pay their salaries from the general funds appropriated for the bureau. To do this it was found necessary to designate the colony superintendents, whose positions were specially provided in the law creating the colonies, as public lands inspectors and ex officio superintendents of their respective colonies, thus making it possible for the bureau to keep them in the service without interruption; otherwise the colonies would have had to go without any superintendent after the funds therefor became exhausted.

Very little collection was made by this bureau in either of the two colonies for the reason that the crops of the colonists suffered great damages from the ravages of locusts and other pests, which were unusually severe during 1925, and also from the adverse weather conditions which culminated in the typhoons that swept over the colonies and razed to the ground all the major crops and destroyed or damaged some of the houses of the colonists. It is expected, however, that greater collection will be made within the year 1927, and efforts to that end will be exerted with a view to effecting a gradual liquidation of all the colony debts.

No itemized statements of accounts are included in this report for the reason that same could not yet be had at this writing, inasmuch as the statements submitted by the superintendents required further revision, as they did not tally with the books in the central office.

Cotabato and Lanao colonies.—It is regretted also that the report on these colonies will have to be submitted later on. This is in order not to delay any longer the submission of the present, inasmuch as the director of the bureau of non-Christian tribes has not as yet been able to submit his report as delegate of the secretary of agriculture and natural resources for the Mindanao and Sulu colonies.

Very respectfully,

SILVERIO APOSTOL,
Acting Secretary of Agriculture and Natural Resources.

His Excellency the GOVERNOR GENERAL, *Manila.*

77510—H. Doc. 99, 70–1——15

REPORT OF THE DEPARTMENT OF COMMERCE AND COMMUNICATIONS

MANILA, *April 4, 1927.*

SIR: I have the honor to submit herewith three copies of the annual report of the department of commerce and communications for the year 1926.

Very respectfully,

C. E. UNSON,
Acting Secretary of Commerce and Communications.

His Excellency the GOVERNOR GENERAL, *Manila.*

COMMERCE

Foreign trade.—The foreign commerce of the Philippines during the year under review recorded a slightly decreased activity as compared with that of the preceding year both in volume and value. This was due largely to the lower-price levels for both the domestic and imported commodities and to a slump in the output of some of the staple exports of the country. The total trade of the Philippines during the year amounted to ₱512,366,623, while that of the preceding year reached ₱537,220,077, thus registering a decrease of ₱24,853,454 or a little over 4 per cent. The total imports were within one-half of 1 per cent of that of the preceding year—₱238,597,984 against ₱239,465,667. Shipments to foreign countries decreased from ₱297,754,410. in 1925 to only ₱273,768,639 or about 8 per cent. The balance of trade remained in favor of the Philippines, but this balance was reduced from ₱58,288,743 in 1925 to ₱35,170,655 this year.

The decrease in trade balance has been due to a greater importation of United States products than in the preceding year, which reduced its unfavorable trade with the Philippines from ₱80,000,000 in 1925 to ₱57,000,000 in 1926. As in previous years, the United States secured about two-thirds of the total Philippine foreign trade with Japan, Great Britain, China, Germany, and Spain trailing behind in the order named. This year Japan superseded Great Britain, having increased heavily both its imports and exports.

The export trade suffered more heavily in the shrinkage of values, although the total decline might be accounted for in the reduction of the export values of sugar by ₱26,568,737. The total slump in exports amounted only to ₱23,118,088. There were, however, major export products which also suffered as a result of the decline in foreign markets. Manila hemp shipments decreased from ₱71,043,292 to ₱64,284,076; tobacco products, from ₱18,904,889 to ₱17,263,163; maguey, from ₱6,381,792 to ₱4,766,840; hats, from ₱4,741,898 to ₱3,123,345; and unmanufactured shells, from ₱396,870 to ₱253,300. In contrast there were export products which made better records than in the preceding year, thus minimizing to a certain extent what would have been a serious foreign trade reaction. Exports of coconut products recorded an increase of ₱10,859,204; embroideries increased from ₱9,122,961 to ₱11,907,802; lumber, from ₱4,129,097 to ₱4,856,865; knotted hemp, from ₱1,746,162 to ₱2,116,738; and rubber, from ₱174,856 to ₱336,291.

The import trade maintained practically the same activity as in the preceding year. In fact, the aggregate tonnage of imported commodities exceeded that of the previous year by about 39,000 tons. Purchases from abroad of cotton and silk goods, mineral oils, dairy products, automobiles and accessories, including tires, printing paper, coal and coke, tobacco products, etc., were considerably greater than during the previous year. On the other hand, the importation of rice, wheat flour and most other foodstuffs, machinery, etc., registered a heavy decline.

The growth of the foreign trade of the country during the last 10 years and the 10 leading imports and exports are shown in the following tables:

Growth of Philippine foreign trade, 1916–1926

Year	Imports	Exports	Total imports and exports	Trade balance in favor of (+) or against (−) the islands
1916	₱90,992,675	₱139,874,365	₱230,867,040	+₱48,881,690
1917	131,594,061	191,208,613	322,802,674	+59,614,552
1918	197,198,423	270,388,964	467,587,387	+73,190,541
1919	237,278,104	226,235,652	463,513,756	−11,042,452
1920	298,876,565	302,247,711	601,124,276	+3,371,146
1921	231,677,148	176,230,645	407,907,793	−55,446,503
1922	160,395,289	191,166,596	351,561,885	+30,771,307
1923	174,999,494	241,505,980	416,505,474	+66,506,486
1924	216,021,790	270,689,325	486,711,115	+54,667,535
1925	239,465,667	297,754,410	537,220,077	+58,288,743
1926	238,597,984	273,768,639	512,366,623	+35,170,655

Values of 10 principal imports into the Philippines, 1925 and 1926

Articles	1926	1925
Cotton goods	₱56,470,119	₱55,196,619
Iron and steel	27,041,520	27,919,939
Mineral oils	17,656,849	17,358,936
Meat and dairy products	11,910,837	10,938,943
Automobiles and parts of, including tires	10,444,942	9,212,313
Wheat flour	9,724,101	11,213,350
Rice	9,067,510	12,826,439
Silk goods	7,092,855	5,615,807
Paper and manufactures of	7,016,408	6,813,821
Coal and coke	5,233,526	4,284,027
Other imports	76,939,317	78,085,473
Total	238,597,984	239,465,667

Quantities and values of 10 principal exports of the Philippines, 1925 and 1926

Articles	1926		1925	
	Quantity	Value	Quantity	Value
Sugar ... kilos	411,231,545	₱64,459,268	546,832,094	₱91,028,005
Hemp ... do	154,042,766	64,284,076	151,024,143	71,043,292
Coconut oil ... do	117,290,853	44,690,433	104,127,687	39,640,377
Copra ... do	174,021,287	37,173,465	146,708,639	31,737,405
Tobacco products		17,263,163		18,904,889
Embroideries, cotton and silk		11,984,778		9,143,349
Coconut, desiccated and shredded ... kilos	14,327,791	5,515,315	12,523,211	5,217,746
Lumber and timber ... cubic meters	146,851	5,105,621	113,705	4,252,759
Maguey ... kilos	17,871,586	4,766,840	24,287,608	6,381,792
Copra meal ... do	71,265,382	3,472,447	55,787,366	3,396,928
All other exports		15,053,233		17,007,868
Total		273,768,639		297,754,410

Domestic commerce.—Unlike the previous year, the domestic commerce of the country did not follow the general decline in the foreign trade, especially in the export business. Wholesale and retail dealers gave conflicting returns of the result of the year's business, although in the aggregate business transactions on the basis of value the domestic trade was on a slightly higher level than the preceding year. The total sales of merchants, manufacturers, and peddlers for the year reached about 1 per cent over that of the preceding year.

Quite naturally there were failures, but they were not the rule nor were they widespread, as was believed on the basis of early returns. In fact, there have been successful lines. Common carriers, banking institutions, and many wholesalers reported a successful year. The automobile business netted a total of 2,561 new registrations.

The decrease in the monetary circulation about the middle of the year affected the retail trade, as it tended to make the consumers rather conservative in their purchases. Retail prices declined slightly. The wholesale market was generally weak, and prices in practically all staples slid downward, manila hemp having been affected most.

The course of the domestic trade is shown in the following total gross sales of merchants, manufacturers, and peddlers:

1922	₱998, 513, 000
1923	1, 081, 340, 000
1924	1, 134, 861, 000
1925	1, 192, 542, 000
1926	1, 214, 850, 000

Industries.—The prosperity enjoyed by the country during the year 1925 buoyed up enthusiasm in investments and in the organization of new industrial and commercial enterprises. A total investment of ₱14,895,241 was made during the year in 474 new enterprises, as against ₱12,584,021 for 394 during the preceding year. Important among the new ventures may be mentioned 14 general manufacturing concerns with an aggregate paid up capital of ₱524 750, 9 lumber and saw mills with ₱673,350 aggregate capital, rice mills with an aggregate capital of ₱45.085, sugar mills with ₱137,325 capital, and many others. On the basis of the total exportation of local manufactured articles, industrial activities in the country as a general rule made a slight progress, a total of ₱76,885,939 of the output of our industries having been shipped abroad, as against ₱72,231,362 for the year 1925. And this volume of business was made at a time when the export trade reacted unfavorably. There being no production statistics available, we can surmise from these figures that a great many industries have had satisfactory business during the year. The embroidery, coconut products, butter, shoe and slipper factories, sawmills, vegetable lard, and alcoholic spirits and malt liquors—all increased their exports over their 1925 record.

COMMUNICATIONS

Progress in communications of all kinds continues in the Philippine Islands. Although the cost of maintaining and repairing the roads already built was enormous, there were added to our road system 182.4 kilometers first-class, 251.2 kilometers second-class, 158.7 kilometers third-class roads, and 16.6 kilometers of trails and 26 durable bridges and culverts, so that at the end of the year 1926 the system consisted of 5,846.7 kilometers first-class, 2,611.1 kilometers second-class, 2.480.6 kilometers third-class roads, and 4,831.9 kilometers of trails and 7,753 durable bridges and culverts.

The number of motor vehicles registered in the year reached 23,538, an increase of 3.949 over that of last year.

During the year 1,727.86 kilometers of new telegraph lines were strung, making a total of 13,128.99 of lines and 1,092.74 kilometers of cable lines in operation, not mentioning the United States and foreign cable and radio service in the Philippines. Twenty new telegraph stations (including radio stations) were established, bringing the total up to 428 stations. There are now 37 radio stations operated by the Philippine government, and there are those run by the Army and Navy of the United States and private parties. There were 10 commercial ships and 2 government ships equipped with radio apparatuses and operators.

Without regulation, the radio situation has been uncertain and unreliable. In the last session of the legislature, however, a law (Act. No. 3275) was passed and approved November 19, 1926, vesting in this office the power to regulate and control radio. The regulations have already been drafted, but are being revised thoroughly. It is hoped that the legislature will soon give the necessary appropriations to carry out the provisions of the law and the regulations.

Other means of communication do not fall within the jurisdiction of this department. Data on foreign and domestic shipping have been secured from the bureau of customs, as follows:

Number and registered net tonnage of vessels engaged in foreign trade, 1925–26

Year	Entered		Cleared	
	Number	Net tonnage	Number	Net tonnage
1925	1,015	3,788,695	984	3,711,267
1926	1,076	4,097,551	1,066	4,079,429

Number and registered tonnage of vessels engaged in domestic shipping, 1925–26

Year	Entered		Cleared	
	Number	Net tonnage	Number	Net tonnage
1925	19,001	2,245,919	19,287	2,252,779
1926	19,581	2,592,455	19,961	2,606,605

Available figures from the public service commission and the Manila Railroad Co. show that there is approximately a total of 1272.72 kilometers of railway lines, 164 locomotive engines, 360 passenger cars, and 2,026 freight cars. The railroads serve central and southern Luzon and the islands of Cebu and Panay.

BUREAU OF PUBLIC WORKS

ORGANIZATION AND PERSONNEL

The organization and principal functions of the bureau of public works have not materially changed. The Philippine Islands are now divided into 47 engineering districts, which, with the exception of a separate district for the city of Manila, are coextensive with provincial limits. The district engineer is the local representative of the bureau in each district and is responsible for all activities, excepting the larger irrigation projects which are constructed by project engineers under the direct supervision of the Manila office. The central office in Manila prepares plans and specifications for construction projects and exercises general supervision over all activities of the bureau.

The number of employees paid direct from bureau and project funds as of December 31, 1926, are: Americans, 19; Filipinos, 362. (NOTE.—The corresponding figures for December 31, 1925, are 19 and 357, respectively.)

The number of technical employees as of December 31, 1926, are: Americans, 14; Filipinos, 189. (NOTE.—The corresponding figures for December 31, 1925, are 16 and 174, respectively.)

ROADS

As had been the case for the past six years, it was necessary during 1926 to use the larger part of the available road and bridge funds for the maintenance of existing roads, which resulted in a comparatively small increase in the kilometrage of improved roads. During 1927, however, funds amounting to ₱1,700,000 will be available from Act No. 3248 (gasoline and oil tax law), which, together with the increased insular appropriations of ₱3,300,000, will permit a more active construction program. The following tables, Nos. 1–A and 1–B, show the source and amounts of funds available for road purposes during past years and also the relative amounts expended for maintenance and construction:

TABLE No. 1–A

Year	General taxation (provincial road and bridge)	Automobile registration and license fees (Act No. 3045)	Insular appropriation	Total
1922	₱4, 469, 555. 00	₱518, 825. 85	₱3, 245, 000. 00	₱8, 233, 380. 85
1923	3, 999, 756. 00	628, 918. 54	2, 380, 000. 00	7, 008, 674. 54
1924	4, 326, 878. 00	633, 214. 36	2, 400, 000. 00	7, 360, 092. 36
1925	4, 406, 320. 00	798, 438. 62	2, 517, 327. 00	7, 722, 085. 62
1926	5, 871, 384. 99	985, 051. 28	2, 705, 000. 00	9, 561, 436. 27

TABLE No. 1–B

Year	Maintenance	Construction	Total
1922	₱5, 050, 554. 19	₱2, 197, 565. 64	₱7, 248, 119. 83
1923	5, 356, 230. 19	2, 007, 147. 73	7, 363, 377. 92
1924	5, 693, 466. 40	2, 619, 316. 68	8, 312, 783. 08
1925	5, 873, 078. 63	3, 545, 890. 66	9, 418, 969. 29
1926	5, 856, 651. 95	3, 582, 467. 60	9, 439, 119. 55

It will be noted from the above tables that the major part of the funds are spent for maintenance. This is largely due to the increasing use of motor vehicles, which, in many localities, has reached a stage where the construction of hard-surface pavements will be a good investment. In sections of the Manila north and south roads, and also on sections of other roads subjected to very heavy traffic, the cost of maintaining the existing water-bound macadam roads now exceeds ₱3,000 per kilometer per annum, which would fully justify the cost of hard surface pavements. While it has been possible to construct short experimental sections of such pavements, the solution of this problem seems to lie in adopting a definite program of reconstruction to be financed in the case of most Provinces by bond issues.

During the year 1926 there was an increase of 182.4 kilometers of first-class roads, as shown hereunder:

Provinces	Roads in existence Dec. 31, 1925	Roads in existence Dec. 31, 1926	Increase during the year 1926
Abra	58. 2	64. 4	6. 2
Agusan	17. 3	----------	[1] (17. 3)
Albay	198. 8	208. 2	9. 4
Antique	108. 8	108. 8	----------
Baguio	46. 9	47. 8	. 9
Bataan	38. 3	38. 6	. 3
Batangas	199. 8	204. 5	4. 7
Benguet	72. 4	72. 4	----------
Bohol	238. 5	244. 0	5. 5
Bukidnon	----------	----------	----------
Bulacan	116. 3	116. 3	----------
Cagayan	72. 8	72. 8	----------
Camarines Norte	32. 3	34. 3	2. 0
Camarines Sur	155. 0	161. 2	6. 2
Capiz	193. 6	201. 2	7. 6
Cavite	82. 4	85. 5	3. 1
Cebu	334. 7	334. 7	----------
Cotabato	22. 1	22. 3	. 2
Davao	27. 0	29. 8	2. 8
Ilocos Norte	79. 8	84. 9	5. 1
Ilocos Sur	180. 3	181. 8	1. 5
Iloilo	287. 1	287. 1	----------
Isabela	82. 1	82. 1	----------
Laguna	159. 8	161. 4	1. 6
Lanao	44. 3	43. 4	[2] (. 9)
La Union	117. 2	117. 2	----------

[1] Decrease due to reclassification of roads. [2] Decrease due to remeasurement of roads.

Provinces	Roads in existence Dec. 31, 1925	Roads in existence Dec. 31, 1926	Increase during the year 1926
Leyte	140.0	140.0	
Marinduque	51.5	51.5	
Masbate	34.6	36.0	1.4
Mindoro	24.4	40.2	15.8
Misamis	113.7	122.0	8.3
Mountain Province			
Nueva Ecija	189.5	199.2	9.7
Nueva Vizcaya	42.7	49.8	7.1
Occidental Negros	348.9	360.9	12.0
Oriental Negros	161.1	173.6	12.5
Palawan			
Pampanga	201.1	201.1	
Pangasinan	472.9	489.8	16.9
Rizal	184.1	185.5	1.4
Romblon			
Samar	107.5	108.3	.8
Sorsogon	105.3	118.7	13.4
Sulu	18.3	26.8	8.5
Surigao	54.3	54.3	
Tarlac	145.5	160.8	15.3
Tayabas	181.6	193.2	11.6
Zambales	59.6	68.2	8.6
Zamboanga	61.9	62.1	.2
Total	5,664.3	5,846.7	182.4

The following are the important road-construction projects undertaken during the year.

Cagayan Valley Road, Nueva Ecija Province.—The section under construction in the Province of Nueva Ecija is known as the San Jose-Santa Fe Road and is 58 kilometers in length. During 1926, 4,220 lineal meters of subgrade were widened to a 6-meter roadway between kilometer 190 and kilometer 195, and 3,000 lineal meters between kilometer 201 and kilometer 204, and a contract awarded for the widening of the section from kilometer 196 to kilometer 199. This work exhausted the total appropriation for construction of ₱58,032.15. The status of construction at the close of the year was: First class, 25 kilometers; second class, 6-meter subgrade, 15 kilometers; and third class, 4-meter subgrade, 18 kilometers. Total expenditure to December 31, 1926, ₱1,316,812.21. This expenditure includes the cost of constructing the Kabolinaoan River bridge, consisting of three 12-meter span reinforced concrete slab and girder type on concrete piers and abutments, and the Digdig River bridge, consisting of one 48.77-meter steel truss span and two 8-meter approach spans, reinforced concrete slab and girder type on concrete piers and abutments. These two bridges cost ₱24,500 and ₱60,191, respectively.

Cagayan Valley Road, Nueva Vizcaya Province.—The section under construction in the Province of Nueva Vizcaya is known as the Bayombong-Santa Fe Road. The following work was accomplished: 4,840 lineal meters between kilometer 258 and kilometer 263 and 4,640 lineal meters between kilometer 233 and kilometer 238 were built first class. The subgrade on the following sections was widened to a 6-meter roadway: Kilometer 220.06–kilometer 220.59, kilometer 221.10–kilometer 221.845, kilometer 222.96–kilometer 224.60, and kilometer 226.24–kilometer 226.44, giving an aggregate completed subgrade of 3,115 lineal meters. This work cost ₱45,172.70.

With the completion of the remaining 2.32 kilometers of the Bayombong-San Luis section of this road during the year the entire section from Bayombong to the boundary of Isabela Province has now become a first-class road. The amount of ₱19,515.71 was expended on these 2.32 kilometers.

Cagayan Valley Road, Isabela Province.—Construction work was largely confined to the Cauayan-Hagan section, 33 kilometers long, which consisted in completing the construction of the subgrade and temporary bridge and surfacing 16 kilometers of road. This work exhausted the total appropriation of ₱94,081.84 available for 1926.

Cagayan Valley Road, Cagayan Province.—The work consisted in completing the subgrade work between Gattaran and Lal-lo, specially the rocky section at Magapit. The entire subgrade from Alcala to Lal-lo, 44 kilometers in

length, including the construction of wooden bridges, was completed last November, thus making the entire section passable for automobile traffic. It is now possible to motor from Manila to Aparri, a total distance of 575 kilometers approximately. The average cost for building the subgrade ranged from ₱0.55 to ₱0.66 per cubic meter. The work was done by *paquiao* system.

Batann-Zambales Interprovincial Road.—On account of the limited funds available, only a trail of 1.5 meters wide was constructed in Bataan Province, following the approved location with a view to widening this trail to the standard width required for a first-class road when more funds are provided. During the year 9 kilometers of trail were opened at a total cost of ₱15,692.84.

In Zambales Province the construction of this road was started at Subic and 2,000 lineal meters of subgrade were completed between Subic and Olongapo at a cost of ₱9,244.

Tarlac-Camiling Road, Tarlac Province.—This road is a part of the Tarlac-Pangasinan Interprovincial Road. The Tarlac-Nambalan section is 21.67 kilometers long and the subgrade was completed in May, 1926. This opened the road to traffic during the dry season from Tarlac to Camiling, replacing the route requiring three and a half hours by automobile via Bayambang, Bautista, and Rosales in Pangasinan, a total distance of 108 kilometers. The direct route is only 34 kilometers. The expenditure during the year was ₱34,303.

Burgos-Dasol-Infanta Road, Pangasinan Province.—This is the connecting link on the Pangasinan side of the Pangasinan-Zambales interprovincial road. The distance is about 40 kilometers from Burgos to the boundary between the two Provinces, 9 kilometers of which have already been declared first class. The work done during the year consisted in constructing 3 more kilometers of first-class road and 2 kilometers of subgrade. The amount spent was ₱25,334.25.

Bongabong-Baler Trail.—This trail will provide an overland connection between Nueva Ecija and the east coast of Luzon and will eventually be converted into a second-class road. From Bongabong to the Tayabas boundary the distance is 30 kilometers and from the boundary line to Baler it is 75 kilometers. The survey was completed and 6 kilometers of subgrade 4 meters wide built in Nueva Ecija during the year. The amount expended was ₱13,291.77.

Cabanatuan-Bongabong Road, Nueva Ecija Province.—This road is a section of the interprovincial road to Tayabas Province. Four kilometers were declared first class during the year. The amount spent was ₱20,004.40.

Camarines Sur-Camarines Norte interprovincial road.—The necessary investigations and survey were completed during the year, but very little construction work accomplished. This road is approximately 80 kilometers long and when completed will open up large tracts of rich agricultural land and provide an overland outlet for Camarines Norte.

Tanauan-Alaminos Road.—This road will connect the town of Tanauan in Batangas with the town of Alaminos in Laguna. It is 7.36 kilometers long, and during the year 3.82 kilometers of subgrade were constructed. The cost, including the delivery of the surfacing material, was ₱8,363.04.

Baybay-Abuyog Road, Leyte Province.—This is a very important project and has been under construction since 1918. It passes through one of the richest hemp regions of the Province and will connect the east and west coasts of the island. The total length of the completed road will be 51 kilometers. To date 7.4 kilometers have been constructed as a first-class road and 21 kilometers as a trail, 5 kilometers of which were constructed during 1926 at a cost of ₱20,600.37.

Ormoc-Capoocan-Carigara Road, Leyte Province.—This is another important road project in Leyte to connect the north coast with the west coast, passing through an undeveloped agricultural country. Twelve and eight-tenths kilometers have been graded, 2 of which have been surfaced. The amount of ₱10,917.16 was spent during 1926.

Loay-Interior Road, Bohol Province.—This important road project will connect the north and south coasts of the island of Bohol, passing through the center of the island. From Loay on the southern coast to the government agricultural colony 50.6 kilometers of the road is declared first class. During the year the location to the north coast from the colony was made and the plan approved, the line being 24.86 kilometers long.

Carmen-Bacani Road, Bohol Province.—This is another important road project in Bohol which will eventually connect the west and east coasts, intersecting the Loay-Interior Road at the town of Carmen, which is in the center

of the island. Twenty-eight and four-tenths kilometers have been declared first class, 6 of which were completed during 1926.

Iloilo-Antique interprovincial road.—This road, which is the only land connection between the Provinces of Iloilo and Antique, has been practically completed. It is 23.35 kilometers long, of which 12.25 kilometers are within the Province of Iloilo and 11.1 kilometers in Antique.

Tambugan-Gandara or Catbalogan-North Road, Samar Province.—This is by far the most important road project on the island of Samar, since it will connect the completed roads in the Calbayog district with the capital of the Province. There still remain 21.7 kilometers to be constructed. During 1926, 3.1 kilometers of subgrade and 2.2 kilometers of surfacing on the Calbayog side and 3 kilometers of surfacing on the Catbalogan side were completed.

Catbalogan-Wright-Taft Road, Samar Province.—This project will connect the east coast of the island with the west coast and Catbalogan, the capital of the Province. The 3-meter trail between Catbalogan and Wright was widened to a 7-meter roadway and the final location survey between Wright and the barrio of Loquilocon made during the year. From barrio Loquilocon it is possible to travel by baroto on a large river to the Pacific coast, which makes it advisable to complete the section of the road from Catbalogan to the barrio of Loquilocon before starting construction beyond this point.

Clapan-Pinamalayan Road, Mindoro Province.—This important road project is 69 kilometers long and will connect the town of Pinamalayan with the capital. On the Pinamalayan side 10.2 kilometers have been graded, 7.7 kilometers of which were surfaced during the year. On the Calapan side 24 kilometers have been completed, 9 kilometers of which were accomplished during the year. The expenditure for this work amounted to ₱70,265.85.

BRIDGES

The following are some of the more important bridges constructed or under construction during the year 1926:

Palico Bridge, Batangas Province.—This is a 160-foot steel pin connected truss located on the Batangas-Nasugbu Road. The fabricated steel was furnished by the Atlantic Gulf and Pacific Co. at a unit price of ₱0.274 per kilo. The erection was undertaken by administration. The work of tearing down the old wooden truss bridge was started in November, 1925, and the erection of the steel truss was begun during the early part of 1926, completing and opening the bridge to traffic on March 20, 1926.

Manghinao Bridge, Batangas Province.—This bridge is is a 15-meter concrete arch with spandrel walls and approach spans, with a total length of 33 meters. This structure replaced the old Spanish adobe bridge of 9.20 meters span which collapsed due to scouring at the foundtion. It is located on kilometer No. 122.2 on the Bauan-Taal Road.

The excavation work was started in April, 1926, and actual concreting operations begun during the month of May. The work was carried out by administration. The bridge was completed and opened to traffic on August 15, 1926.

Quinoguitan Bridge No. 29.9, Loay-Interior Road, Bohol Province.—This bridge is a 12-meter arch span on concrete abutments. The construction of this bridge was let by contract to Mr. Marcelo Regner, of Cebu, for the sum of ₱16.685. The total cost of the bridge, including surcharges and the construction of the approaches, was ₱20,333.78.

Quingua Bridge, Bulacan Province.—This is an old bridge, but another steel span of 130 feet had to be added at the north end to provide more waterway and prevent further erosion on the north bank. The furnishing of structural steel was let to the Atlantic Gulf & Pacific Co. by contract for ₱12,000. The construction of the new abutment and steel span and the repair of the old north abutment were done by administration at a total cost of ₱37,009.81.

Butac Bridge, Ilocos Sur Province.—Twenty-five per cent of this bridge was completed at the end of the year. Total expenditure and liabilities amounted to ₱17,314.20. The bridge is estimated to cost approximately ₱30,000 when completed. The project is being done by administration.

This is a suspension bridge, 160-foot span, with steel towers and rubble masonry abutment. It is located on kilometer No. 388.46 on the Tagudin-Cervantes Road.

Biñan Suspension Bridge, Laguna Province.—This project was let by contract to Mr. Gregorio de Silva for ₱10,500. The work accomplished was the

construction of a 110-foot timber suspension bridge, which was started on February 12 and completed on March 20, 1926, at a total cost of ₱11,864 56.

Cadael Bridge, La Union Province.—The reconstruction of this bridge was authorized in April. The total sum of ₱10,243.02 was appropriated for this project. The contract was awarded to Mr. Fortunato Concepcion for the sum of ₱8,400, to be completed in 80 working days. Work was started on June 28, 1926, and consisted in constructing, complete, two reinforced concrete approach spans as per bureau of public works plans, set 2546, sheet 1 to 1, the lowering of the old 9.50-meter I-beam span along with the concrete floor to the newly established bridge seat. Total expenditures and liabilities amounted to ₱10,131.21. This includes surcharges and the lowering of the road to the required grade, which was done by administration.

Carmen Bridge, Pangasinan Province.—This bridge consists of thirteen 160-foot steel spans to be erected on 12 concrete piers and two end abutments, with timber-pile foundation. The construction of the substructure is being done by contract with Mr. William Anderson for the lump sum of ₱134,994, the work to be finished within 160 working days.

The contract for furnishing the structural steel for the superstructure has been awarded to the Atlantic Gulf and Pacific Co. at a unit price of ₱0.177 per kilo, delivery to be made f. o. b. Manila within 220 days. Bids for the transportation and erection of the steel trusses, including the laying of the concrete flooring, are to be advertised during the early part of next year.

Work was started on the substructure on October 13, 1926, and at the end of the year 11 per cent of the work had been completed. The total expenditures and liabilities during the year were ₱344,955.06.

Tinajeros Bridge, Rizal Province.—The reconstruction of this bridge was contracted by Messrs. Tan C. Tee and Co. for ₱24,256.30 and the project was completed on November 2, 1926. The work accomplished was the construction of five spans of reinforced concrete slab and girder superstructure, concrete pier caps, and the demolishing of the old Spanish masonry arches. The total cost of the reconstruction work, including the construction of the approach walls, which was done by administration, amounted to ₱29,159.93.

Benguet, subprovince of the Mountain Province.—Three wooden pony-truss bridges at kilometers 269.65, 251.70, and 253.20 were replaced with 60-foot steel trusses. The cost of construction was ₱6,263.35, ₱5,882.10, and ₱6,128.10, respectively.

BUILDINGS

Manila.—The completion of the legislative building was the outstanding building construction accomplishment of the year. The Mas Construction Co., of Manila, performed their work in a very satisfactory manner. This is the largest and the finest building in the islands, and the unit cost of approximately ₱31 per cubic meter of inclosed space is considered quite satisfactory, in view of the large amount of ornamental finish and special electrical features.

The Mas Construction Co.'s contract amounted to ₱1,945,885.27, and the total expenditures and obligations for the project were ₱4,075,000. The special chandeliers and indirect lighting fixtures for the senate chamber were en route from the United States at the end of the year, and the elevators were also still on order.

An auxiliary pneumatic water-supply system was installed and adequate fire-protection facilities were provided for the building.

The legislature held its opening session in the new building on July 16, 1926.

The Guazon memorial operating pavilion at the Philippine General Hospital was completed early in the year at a total cost of ₱28,580.66. It is a small concrete unit with a lecture room on the first floor and a modern operating amphitheater on the second floor.

Provinces.—The following are the most important public buildings completed in the Provinces during the fiscal year 1926:

Batangas Capitol Building, Batangas Province.—The central unit of this building, consisting of a reinforced concrete structure of special design, composed of a 18.94 by 29.70 meter two-story main building, with a one-story wing, 10 by 34.30 meters on either side and a suitable terrace in front, was completed at the end of the year. It is located on high ground outside of the población proper and the grounds provide ample parks and landscape gardens. The work was done by contract. The total expenditures and liabilities at the end of the year amounted to ₱251,755.29.

The other two wings, which will complete the U-shaped capitol group, will be constructed as soon as funds are available.

Bohol Provincial Girl's Dormitory, Bohol Province.—This is a two-story building, 18.30 by 17.60 meters, and will give proper living accommodation to girls attending the high school at Tagbilaran. The project was completed under contract by Messrs. Maxillom & De Leon, of Cebu, and the total expenditures and liabilities were ₱20,471.52.

Iloilo Normal School, Iloilo Province.—The building is a reinforced concrete structure consisting of one 13.75 by 70 meter two-story main building and two 12.17 by 23.15 meter one-story wings. The main building has a G. I. roof, while the wings have tile roofs laid over asphalted felt waterproofing. It is the first unit of a U-shaped group. Construction was begun on August 19, 1919, by administration, and after being suspended for a long period, due to lack of funds, was completed during 1925 and 1926 under three separate contracts. The total cost of the completed unit was ₱396.019.27.

Dagupan Presidencia Building, Pangasinan Province.—This is a two-story building of the "Calbayog" type. The lower story is of concrete and is occupied by the treasurer, post office, police and jail; the second story is of wood and provides offices for the president, secretary, health officer, and a session hall. Its outside dimensions are 24.20 by 12.80 meters. This project was completed by contract at a cost of ₱39.380.

Tarlac Provincial Courthouse, Tarlac Province.—This project consists of the construction of a first floor lobby and the addition of a second floor to the Tarlac Jail building. The work was done by administration, as the bids received were not considered advantageous. Construction was started on August 2, 1926, and was completed on November 6 of the same year, at a total cost of ₱39.334.64, which is ₱9.759.11 less than the proposal of the lowest bidder.

The new addition provides offices for the judge of the court of first instance, provincial fiscal, the registrar of deeds, the clerk of court, the sheriff, and a session room for the court.

Lopez Presidencia, Tayabas Province.—This structure is of the "Davao" type. It is a two-story concrete building, 24.80 by 12.40 meters. The work was done under contract at a total cost of ₱44,783.76, including the installation of electrical wiring. The building was inaugurated on June 19 and immediately occupied by the municipal authorities.

Ward Pavilion, Lucena, Tayabas Province.—This is a one-story concrete building with G. I. roofing and comprises "Stage No. IV" of the standard plan for provincial hospitals. Its principal dimensions are 14.70 by 7.40 meters and 7.40 by 9.90 meters. Its construction, including the installation of electrical wiring, was accomplished by contract at a total cost of ₱21,533.

PORT WORKS

Activities in port works construction has continued to increase and the work accomplished on the more important projects follows:

Tagbilaran, Bohol.—A reinforced concrete pile wharf 18 meters in length by 9.40 meters in width is planned for this port. The 28 piles for the wharf were cast by administration and the driving thereof and the erection of the superstructure will be undertaken during the coming year.

Aparri, Cagayan.—At the port of Aparri, Cagayan, 325 linear meters of reinforced concrete sea wall with concrete apron were constructed under contract by Mr. Fortunato Concepcion on a unit-price basis which amounts to approximately ₱233 per linear meter of sea wall. A total of 600 linear meters of sea wall has now been constructed as a protection to the town from encroachment by the sea.

Capiz, Capiz.—Considerable difficulty has been experienced in getting the work on the rock breakwater at the port of Capiz under way. The project was advertised and bids were to be opened on January 30, 1926, but no proposals were received. With the very limited equipment available, approximately 9,000 metric tons of rock were placed by administration in the south breakwater. The project is again being advertised with the opening of bids scheduled for January 15, 1927.

Dalahican, Cavite.—The work of extending and raising the Dalahican Breakwater to an elevation of 2.50 meters above mean low low water was undertaken in December, 1925, and continued until May, 1926, when weather conditions

made it necessary to stop the work. The rock was deposited in place in the breakwater by the Atlantic, Gulf & Pacific Co. at a unit price of ₱3 per metric ton. A total of 30,089 metric tons of rock was placed during the year.

Cebu, Cebu.—A contract for the construction of approximately 140 linear meters of riprap jetty in the harbor of Cebu was awarded to R. R. Landon in February, 1925. The work progressed very slowly and during the early part of 1926 was practically abandoned by the contractor. It finally became necessary to take over the work by administration and hold the contractor's bondsmen for the cost of completing the project. During the latter part of 1926, 2,537 metric tons of rock were placed in the jetty by administration.

The orange-peel bucket dredge which was sent to Cebu in 1925 has been utilized during the greater part of 1926 in dredging along the Cebu waterfront. During the year 22,740 cubic meters of material were removed and placed in the Cebu reclamation area.

Santa Ana, Davao.—Bids were opened on January 30, 1926, for the construction of a reinforced concrete wharf at Santa Ana, Davao. On March 25, 1926, a contract was awarded to C. V. Powers for the construction of the approach section, 49 meters in length by 9.30 meters in width, for the sum of ₱66,700, and for the construction of three intermediate main wharf units, 2.50 meters in length by 12.30 meters in width, for the sum of ₱4,880 per unit. Considerable delay occurred in starting the work, due to the necessity of repairing and strengthening the present wooden section of the wharf before starting the concrete construction. To date 36 piles have been cast, 15 of which have been driven. The project, as originally contemplated when advertised, comprised, in addition to the approach section, the construction of the main wharf or L section, 68 meters in length by 12.30 meters in width. Although the inclusion of sufficient funds to complete the wharf was recommended in the budget, the legislature failed to make any appropriation for the project, and it will, therefore, be necessary to stop the work upon the completion of the portion covered by the original contract.

Iloilo, Iloilo.—Suction dredge No. 4, which was sent to Iloilo in April, 1925, continued the work of dredging the bar and the lower reaches of the Iloilo River until June 5, 1926, when the dredge was returned to Manila. A total of 200,806 cubic meters of material was dredged during the year at a cost of ₱34,522.62, or at a unit cost of ₱0.172 per cubic meter.

Bids were opened for the construction of 115.2 linear meters of concrete river wall with timber-pile foundation on May 25, 1926, and a contract was awarded on June 24, 1926, to George G. Martin, of Iloilo, for the sum of ₱987 per linear meter of wall, exclusive of fender piles and mooring bitts. On December 31, 1926, the contractor had completed 24 meters of wall, and it is expected that the project will be entirely completed by the middle of the coming year. This construction, when completed, will close the existing gap in the river wall below the Iloilo customhouse.

Bids were opened on May 15, 1926, for the construction of two riprap jetties at the mouth of the Iloilo River and a spur dike for the protection of the shore along the Iloilo south beach. A contract was awarded on July 28, 1926, to Messrs. George G. Martin, William Werry, and Mark S. Conway for delivering in place in the jetties at the mouth of the Iloilo River 25,000 metric tons and in the spur dike 12,500 metric tons of derrick rock at a unit price of ₱3. To date no rock has been delivered, but the contractors have opened a quarry on the island of Guimaras, constructed lighters, and collected equipment preparatory to starting the work.

Manila.—Two of the automatic electrically operated steel gangplanks which were designed for Pier No. 7 were made and erected according to plans, and they have proven very satisfactory in following the varied and extreme movements of vessels berthed alongside the pier. Two additional gangplanks to replace the temporary timber structures at present in use are practically completed and will be erected early in the coming year.

On June 30, 1926, the second half of Pier No. 7 was completed and turned over to the bureau of customs for operation, thereby bringing to completion one of the largest projects in the islands. Small gangs were maintained on cement-gun work and were occupied in shooting the gunite protection on the large steel girders connecting the pier proper with the shore abutment.

On April 13, 1926, bids were opened for the construction of aprons 7.76 meters in width around Pier No. 5, consisting of a heavy reinforced concrete deck designed for 600 pounds per square foot and supported on reinforced con-

crete piles identical in size with those used in Pier No. 7. However, as was expected, no bids were received and it was necessary to undertake the work by administration. Pile driving was commenced on May 29 and completed on August 23, and the reinforced concrete deck was finished and surfaced with creosoted block paving in October, 1926, under the same supervision that handled the Pier No. 7 project.

On March 6, 1926, bids were opened and the contract awarded to the Atlantic, Gulf & Pacific Co., of Manila, the only bidder, for furnishing and delivering in place 200,000 metric tons of derrick rock in the 1,180 linear meters of south breakwater at the unit price of ₱2.84 per metric ton. By the end of the year a total of 76,600 tons of rock had been placed.

The construction of a combination highway and railway bridge over the Pasig River connecting Calle Bonifacio and Calle del Pan was again taken up. The project was studied in detail and preliminary estimates were made for comparing various types of structures for this site. It is expected that the matter of financing this project will be considered early in 1927.

Pulupandan, Occidental Negros.—In accordance with the provisions of Act No. 3220, a contract in the amount of ₱720,000 was awarded to the Maao Sugar Central Co. on January 26, 1926, for the development of the port of Pulupandan. The contract was later assigned by the Maao Sugar Central to the Atlantic, Gulf & Pacific Co., who are now carrying out construction work. The project includes the construction of a reinforced concrete pier extension to the present wooden pier of the Maao Sugar Central Co., the construction of 300 linear meters of creosoted timber sea wall, 75 linear meters of riprap breakwater, the dredging of a refuge basin for small boats to a depth of 10 feet, and the reclamation of 10,000 square meters of foreshore land. The concrete pier extension is to consist of the approach 7.90 meters in width and 67.70 meters long, the pier head connection varying in width from 7.90 meters to 21.75 meters and 45.20 meters long, and the main pier 21.75 meters wide and 151.50 meters long. The pier will be supported by 50-centimeter reinforced concrete piles. On December 31, 1926, a total of 143 piles had been cast, of which 77 have been driven.

Zamboanga, Zamboanga.—Work on the construction of the reinforced concrete wharf extension at Zamboanga, which was awarded under contract to Mr. Jose Gandiongco early in 1925, progressed so slowly that, during the later part of 1925, it became necessary to annul the contract and take over the work by administration. The driving of the concrete piles was started by administration in January, 1926, and the project was entirely completed by the end of the year. The work accomplished comprises the construction of 78 linear meters of reinforced concrete wharf 12.30 meters wide, supported by 50-centimeter reinforced concrete piles.

Maintenance.—In addition to port works construction, maintenance work was accomplished during the year at Loay, Bohol; Tacloban, Leyte; Cagayan, Misamis; Dumaguete and Larena, Oriental Negros; Catbalogan, Samar; and Surigao, Surigao.

IRRIGATION

There were 4 irrigation projects completed during 1926, 3 under construction, 13 completed prior to 1926 in operation, and 64 under consideration.

Of the completed irrigation systems, 13 were insular, 2 municipal, and 2 special, located in 12 Provinces. The aggregate area served by these systems is 61,045 hectares and the total cost was ₱11,443,625.99, the average cost per hectare being ₱187.46. Of the total amount invested thus far in the construction of completed projects, ₱7,092,518.99 were allotted from the ₱20,000,000 bond funds authorized by Acts Nos. 2940 and 3011, ₱4,408,607 from insular appropriations, and ₱12,500 from municipal funds.

Projects completed during 1926.—The Angat River, Amburayan River, O'Donnell River, and Sibalom-San Jose irrigation systems were completed during the past year, at a total cost of ₱6,964,768.99, and operated for the first time during the last growing season, serving an aggregate area of 33,000 hectares. This is the largest area placed under irrigation in any one year since the inception of the government irrigation construction program.

Angat River irrigation system.—This system consists of the north side and south side units.

The construction of south side canal structures under contract with Mr. Romarico Agcaoili was completed on April 30, 1926. The construction of the

extension of the south protection dyke damaged by the flood of June 25, 1925, was completed on December 10, 1926, under contract with Mr. Carlos A. Barretto. The telephone system and superintendent's office and quarters were also completed during this year. The south side unit was officially opened on May 1, 1926. It irrigated during the last growing season approximately 10,000 hectares of land, from which an increase in yield of about 50 per cent was obtained.

The construction of the main canal and important laterals of the north side unit under contract with Mr. Carlos A. Barretto was completed on June 28, 1926. The contract with Messrs. Gordon & Haley for the construction of canal structures was terminated on December 6, 1926. Minor sublaterals remain to be excavated, and lateral structures, mostly turncuts, to be built. The north side unit was officially opened on July 1, 1926, and irrigated during the last growing season a total area of approximately 8,000 hectares. The project engineer reported general contentment with the results obtained during the first year of operation, and requests for extension have been received from many landowners. An extension to cover approximately 3,600 hectares of land and the construction of a protective dyke along the north bank of Angat River are now contemplated. The work involved is estimated to cost ₱380,000.

Amburayan River irrigation system.—The lining of the 60-meter section of the tunnel near the outlet portal, the only portion of the system left to be finished at the end of 1925, was completed in March, 1926. The system began delivering water during the month of April, although it was not officially opened till June 1, 1926. The flood waters of San Cristobal, Tabug, Sinapangan, Talifugo, Maluyo, Obog, and Pagbannecan Creeks presented rather serious drainage and river-control problems. Steps have already been taken toward the solution of these problems by channel diversion and improvement. An increase in yield of over 70 per cent was obtained from the 4,000 hectares of land irrigated during the last growing season. An extension of the Amburayan River irrigation system estimated to cost ₱260,000 to serve lands above the existing main canal and the lands located in the Darigayos Valley is now contemplated.

O'Donnel River irrigation system.—The excavation of the main canal, laterals, and protection dike under contract with Mr. Sotero Baluyut, contractor, of San Fernando, Pampanga, was completed on September 6, 1926. The contract for the construction of canal structures, also with Mr. Sotero Baluyut, was completed on November 28, 1926. The system was officially opened on July 1, 1926, but actual water deliveries were made toward the end of August. Many landowners refrained from using water from the system because they considered the annual irrigation charges of ₱20.24 too high. Of the total irrigable area, 2,655 hectares were planted to rice, 1,048.2 hectares to sugar cane, and 495.4 hectares were uncultivated. The condition of the rice crop was good, but accurate data on production have not been received.

Sibalom-San Jose irrigation system.—The excavation of the main canal and laterals under contract with Mr. A. G. Yankey was completed on March 31, 1926, and the construction of the main head-gate and canal structures under contract with Mr. S. Nagauye was completed on April 30, 1926. The system was officially opened on July 1, 1926. The system was unable to supply the amount of water which the canals were built to carry, owing to the Tipuluan River shifting its low-water channel away from the intake. Insects and other rice pests infested the rice fields in Sibalom and San Jose, including those served by the system. Irrigation water was found to be the best means of combating these pests. A fairly good crop, considering the unfavorable circumstances, has been harvested from the irrigated areas, whereas the crop on unirrigated lands was almost a total failure.

An extension of this system, estimated to cost ₱65,000, to serve approximately 1,000 hectares of land south of the Egaña River, is under consideration. The advisability of building a diversion dam on the Tipuluan River, which is roughly estimated to cost ₱300,000, is also being studied.

Projects under construction.—Construction work was under way on the following projects: Peñaranda River irrigation system in Nueva Ecija, Bulacan, and Pampanga Provinces; extension of Talavera River irrigation system in Nueva Ecija Province; and extension and reconstruction of Laoag-Vintar irrigation system in Ilocos Norte Province. The projects under construction will require a total additional outlay of ₱4,726,000, and will serve, when completed, 25,800 hectares. The status of each of these projects is briefly described hereunder:

Peñaranda River irrigation project.—The excavation of the main canal and laterals is being done under contract with Mr. Sotero Baluyut, contractor, of San Fernando, Pampanga, the amount involved being approximately ₱560,000. The rate of progress has been very slow, only 12 per cent of the work having been completed up to December 31, 1926. The construction of the diversion works is under contract with Mr. F. T. Ryan, contractor, of Manila. The length of the dam has been increased from 250 to 350 meters in order to provide additional waterway which was found necessary after the unusual flood of June, 1925. The amount involved in the contract has been increased to approximately ₱800,000. The progress of construction has been satisfactory, 30 per cent of the work covered by the contract having been completed at the close of the year. The construction of canal structures under Zone I, which involves approximately ₱168,000, is also under contract with Mr. F. T. Ryan. The rate of progress was fair, the percentage of work completed at the end of the year being 16 per cent. The construction canal structures under Zones II and III is being done by Mr. S. Nagauye, of Manila. The progress of his work has been satisfactory, the percentage of work completed at the end of the year being 17 per cent.

The system is now scheduled to be completed by July, 1928. With the changes made in plans, the revised estimate of cost of the project is ₱3,200,000.

Extension of Talavera River irrigation system.—The construction of the portion of the extension lying southeast of the Dibabuyan River will be completed on time for the next rice-planting season. This project not only involves the extension of the canal system but the construction of a diversion dam on Dibabuyan Creek.

Laoag-Vintar irrigation system.—This system was opened on July 1, 1926, and operated until October 8, 1926, when the southern half of the weir was destroyed, after being damaged during the floods of June 14, July 21, and September 26, 1926. The system was unable to deliver water after the October flood. A committee composed of Messrs. Walter J. Grodske, acting chief designing engineer, Luis Francisco, division engineer, and H. O. Bauman, project engineer, was appointed on November 9, 1926, to investigate the causes of the failure of a portion of the dam and to submit necessary data to determine upon the advisability of amending the government's claim against contractors Gordon and Haley, in connection with damages sustained by the diversion works during 1925. While the committee has not as yet submitted its report, it has been established beyond doubt that the failure of the dam was due to the great height of the hydraulic jump and to the lowering of the water surface below the dam as compared with observations made in previous years.

The construction of Pasuquin extension was approved, but the necessary funds have not as yet been released.

Operation of systems completed prior to 1926.—There were 13 irrigation systems, serving 28,045 hectares of land, in operation, which were completed at a cost of ₱4,548.357 prior to 1926. Two of these systems, the Ayala and Santa Maria, are municipal and are administered by the municipal council of Zamboanga; one special, the Trinidad irrigation system in Benguet Subprovince, is administered by the bureau of education; and one insular, the Naic irrigation system in Cavite Province, is administered by the bureau of lands. The remaining nine systems are administered by this bureau.

The rice crop harvested from the lands served by the systems administered by this bureau showed an increase in yield per hectare of more than 40 per cent over and above the recorded production prior to the opening of the irrigation systems.

A vigorous campaign of enlightenment on the relation of the landowners to the irrigation systems, on the proper method of irrigating crops, and improving farm practices was conducted. Meetings with irrigators were held in 24 different municipalities covered by systems administered by this bureau. These meetings have been productive of very encouraging results.

The collection of irrigation charges showed a marked improvement over the previous years, but it is still far from being satisfactory. Delinquency in the payment of irrigation charges has been largely due to lack of information on the part of the irrigators of the rules and regulations governing the operation and maintenance of irrigation systems, to undesirable propaganda that payment of irrigation charges may be condoned or deferred, and to inherent defects in the irrigation act. Difficulties arising from the first two causes mentioned above have been to a great extent removed as a result of the intensive campaign of

enlightenment that was carried out during the past year. The third cause lies in the fact that delinquency in payment is not penalized under the existing legislation. Court proceedings were instituted against a number of landowners under the Burgos, Dingras, Santa Barbara, Aganao, and Talavera River irrigation systems for delinquency in the payment of irrigation charges. Favorable decisions have been rendered in all these cases, which are expected to have a salutary effect in the future.

The planting of ipil-ipil and kapok trees on the main canal banks for protective and revenue purposes has been encouraged in all the systems.

Water deliveries under the Dingras and Dipolog systems have not been very satisfactory, but improvements are contemplated to make these systems more efficient.

A new contract was entered into between the government and the Compañia General de Tabacos de Filipinas, covering the operation and maintenance of the San Miguel irrigation system, on September 6, 1926. Under the terms of the contract the Compañia General de Tabacos de Filipinas will make annual payments to the government before January 31 of each year of ₱29,000, and must maintain at its expense the canal system below the settling basin.

Irrigation projects under consideration.—Complete preliminary estimates of cost were made during the past year of the Tarlac River irrigation project in Tarlac Province and of the Pampanga River irrigation project in Nueva Ecija Province. The Tarlac River irrigation project is estimated to cost ₱4,200,000 and to serve approximately 25,000 hectares of land, and will be recommended for construction at an early date. The Pampanga River irrigation project will irrigate, approximately, 22,000 hectares, and is estimated to cost ₱3,300,000.

After deducting the amount already spent on completed projects totaling ₱8,322,518.99, the amount of ₱4,726,000 for completing projects under way, and the amount of ₱1,075,000 for projects approved for construction from the net proceeds of the sale of bonds authorized by Acts Nos. 2940 and 3011 amounting to ₱19,123,542.94, there will be available for further irrigation construction the sum of ₱5,125,838.95.

HYDROGRAPHIC INVESTIGATIONS

Hydrographers of the bureau made 1,859 discharge measurements and kept daily gauge-height records at 132 permanent gauging stations. Seventeen discharge measurements were made at temporary stations during 1923. Records were also kept for 32 rain gauges established in localities distant from the weather bureau's gauges.

WATER RIGHTS

There were received during the year a total of 192 new applications for water rights, 185 of which were for irrigation, 2 for domestic, and 5 for power-development purposes. A total of 122 applications were finally acted upon, 108 of which were granted and 14 disapproved by this department upon the recommendation of the irrigation council. The water rights granted for irrigation purposes were based on irrigating 56,432.30 hectares of land.

There were five applications for power development filed during the year. Six applications for power development were approved for developing a maximum of 4,250 horsepower.

There are five streams which were designated for adjudication during the past year.

RIVER-CONTROL PROJECTS

Funds totaling ₱197,500 were released during the year from the 1926 public works appropriations authorized under Act No. 3258 for the construction of San Francisco River Dike, Guinobatan, Albay Province; for the construction of a dike on the Govantes River, Vigan, Ilocos Sur Province; for drainage improvement of the eastern portion of Balayan, Batangas Province; for the repair and improvement of the Pansipit River dike in Lemery, Batangas Province; for the extension and maintenance of dikes along the banks of the Agno River in Pangasinan Province; for the maintenance of the Pampanga River dike in Pampanga Province; for the repair and maintenance of Boac River bank revetment in Marinduque Province; and for the construction of Sariaya River control works in Tayabas Province.

WATERWORKS

The bureau prepared plans and specifications for 14 municipal waterworks projects on which construction work was started during 1926. These projects will furnish potable water to a total population of 126,900 at an estimated cost of ₱2,401,300. Preliminary designs and estimates were also made for 37 provincial and municipal waterworks projects, most of which are to be financed from loans. These projects will supply water to 142,850 people at an estimated cost of ₱2,228,700.

Construction work was completed by district engineers on 21 waterworks projects started during the previous year, leaving 35 projects under construction at the end of the year. The 21 completed projects cost ₱634,647.42 and serve a total population of 57,560, while the 35 projects still under way are estimated to cost ₱3,174,500, and will provide a potable water supply for 201,830 people.

There are 99 waterworks projects under consideration which contemplate furnishing water to a total population of 390,019 and are estimated to cost approximately ₱6,426,900. As soon as the municipalities concerned are able to finance these projects, construction work will be undertaken, excepting a few projects which require further investigation.

There are in the archipelago 144 municipal and provincial waterworks, excluding the Manila metropolitan water system, thus far completed, which furnish potable water to a total population of 479,252 and have cost ₱5,696.967.86.

ARTESIAN WELLS

There was an average of 19 drilling machines in active operation only until the end of September, when, due to the exhaustion of insular funds for the drilling of artesian wells, all of the machines, except those drilling for private parties and repairing old wells, whose operations were financed entirely by the parties concerned, were laid up. The average number of machines used in drilling municipal and provincial wells was 13%, as against 19% for the preceding year. This decrease was due to the reduction in appropriation for artesian well drilling for the year 1926, and the small balance left from the 1925 appropirations, which amounted to approximately ₱250,000.

The total number of successful artesian wells drilled by the bureau of public works from 1904 to 1926 is 1,832. This number includes private wells drilled from 1904 to 1923. These wells are capable of supplying a total of 43,309,300 gallons of potable water per 12-hour day, which, at the rate of 20 gallons per capita, would supply no less than 2,665,465 people.

Funds expended

	1926		1925	
	Pesos	Per cent	Pesos	Per cent
Successful wells	143,716.28	83	245,336.22	84
Unsuccessful wells	57,435.90	17	67,124.24	16
Total	201,152.18	100	312,460.46	100

Out of the ₱250,000 available for the year 1926, the amount of ₱201,152.18 was expended for the drilling of artesian wells, the remainder having been expended for the purchase, repair, and maintenance of equipment and in reimbursing municipalities concerned the one-third cost of wells drilled in 1925 and declared unsuccessful in 1926.

BUREAU OF PUBLIC WORKS MACHINE SHOP

During the year 1926 the shop performed a total of 954 work orders amounting to ₱138.270.31 as against 1,036 work orders completed in 1925 valued at ₱102,179.07. This shows a decrease in work orders accomplished in 1926 by 82, but an increase in the income of ₱26,091.24.

The shop personnel performed overtime work equivalent to 122 working days as against 65 working days in 1925.

REGISTRATION AND REGULATION OF MOTOR VEHICLES

During the year ending December 31, 1926, there were 4,702 motor vehicles newly registered and 18,836 reregistered for operation, or a total of 23,538 motor vehicles as compared with 19,589 registered during 1925. There were also 1,320 motor vehicles registered for storage. During this same period 11,431 applicants for drivers' licenses were examined and 8,313 new licenses issued. Including renewals, 33,440 operators of motor vehicles were licensed during 1926.

The following is a comparative tabulation of motor vehicles registered during the years 1925 and 1926:

	1925	1926
Automobiles	13,549	16,239
Motor trucks	5,225	6,541
Motor cycles	815	758

The campaign for the apprehension of violators of the motor vehicle law was carried out more vigorously, with the result that there were 1,972 licenses suspended and 34 licenses revoked, as compared with 1,243 licenses suspended and 20 licenses revoked during 1925.

THE BENGUET AUTOMOBILE LINE

The Benguet Automobile Line operated during the year 1926 3 first-class busses, 1 third-class bus, 1 combined passenger and express truck, 1 fire truck, 4 express and freight trucks, and 12 special touring cars, and handled 6,424 full-rate and 278 half-rate first-class passengers, 14,935 full-rate and 1,795 half-rate third-class passengers, 130,323 kilos of hand baggage, 1,568,437 kilos of express and freight, and 286,332 kilos of deadhead express and freight. No accidents occurred in connection with the operation of the line.

The appropriation authorized for the Benguet Automobile Line was ₱85,000, while the total receipts during the year, including 1925 collections made by the Manila Railroad Co. in the amount of ₱6,709.17, but not including collections for the months of October, November, and December, 1926, amounted to ₱123,148.74.

EXPENDITURES

Expenditures supervised during the year 1926 as compared with the year 1925

	1925	1926
Total expenditures	[1] ₱20,854,869.10	₱21,941,988.94
Total expended upon road and bridge work	8,967,899.19	9,220,529.11
Total expended upon building work	3,585,976.91	5,025,024.96
Total expended upon port works	3,110,615.16	3,063,971.75
Total expended upon water supply	1,298,820.21	923,631.90
Total expended upon irrigation projects	2,740,612.03	2,553,722.62
Operation of auto line, quarries, and the supervision of motor-vehicle traffic	291,456.09	206,555.35
Expenditures on miscellaneous items account for the balance	859,489.51	888,553.25

[1] ₱13,425.50 represents the amount paid for salaries provided in the general appropriation Act No. 3217 for the year 1925.

BUREAU OF POSTS

ORGANIZATION AND PERSONNEL

Number of offices.—At the close of the year, there were in operation 935 post offices, 461 money-order offices, 684 postal savings banks, 428 telegraph offices (including 37 radio stations), which, compared with those of the

previous year, show a decrease of 1 post office and an increase of 15 money-order offices, 6 postal savings banks, and 20 telegraph stations.

Besides the regular post offices, there were in operation 39 postal stations where stamps were sold and letters mailed and registered, and 8 postal agencies where stamps were sold, an increase of 3 postal stations over those in operation during 1925.

Personnel.—The total number of officers and employees of the bureau at the close of the year, exclusive of mail contractors and messengers, was 3,462, as compared with 3,413 for the previous year, or an increase of 49, or 1 43 per cent.

There were 46 Americans and 460 Filipino mail contractors and messengers, a total of 506, as against 540 for the previous year, or a decrease of 34, or 6.29 per cent. The decrease is due to consolidation of some mail routes.

Fifteen employees were granted retirement during the year under the provisions of Act No. 2589, as further amended, as against 28 during the preceding year. (Those retired were no longer fit for further service, either because of old age or affliction of incurable diseases.)

During the year 73 employees were dismissed from the service for cause and administrative fines were imposed upon 185 employees, as against 105 and 152 for the previous year, respectively.

At the beginning of the year, there were 55 students in attendance at the post-telegraph school, Manila. Adding to these 112 new ones admitted during the year, the total enrollment was 167. Of this number 91 were Morse student operators, 32 were radio student operators, and 1 was student supervising lineman. Eight student operators resigned or were dropped due to ill health.

A total of 102 graduates—91 Morse and 11 radio operators—were released from the school for assignment in our provincial stations, or an increase of 42, or 70 per cent, over the number of graduates assigned during the preceding year. Five regular employees of the bureau were also trained in the telegraph school.

POSTAL BUSINESS

Registered mail.—A total of 2,247,548 registered articles were accepted during the year, as compared with 1,647,172 articles for 1925, an increase of 600,376 pieces, or 36 per cent.

The increase in volume of registered mail accepted for the last four years is as follows:

Year	Number	Increase	Per cent
1923	1,469,733		
1924	1,543,249	73,516	5
1925	1,647,172	103,923	6.7
1926	2,247,548	600,376	36

The following is a comparative statement of articles accepted and delivered for the years 1925 and 1926:

	1925	1926	Increase or decrease
			Per cent
Number of pieces accepted for registration	1,647,172	2,247,548	36
Number of pieces received for delivery	1,679,637	1,457,381	(13)

Insured registered mail.—There were handled during the year 25,696 insured registered articles, valued at ₱906,826.25, for which indemnity fees amounting to ₱9,087.28 were collected. Compared with the corresponding figures for 1925, there was an increase of ₱158,662.17, or 21.2 per cent, in the aggregate

value of the articles, and an increase of ₱1,815.30, or 25 per cent, in the amount of fees paid.

The following table shows the volume of business handled during the period 1923–1926:

Articles mailed

Year	Number	Aggregate value	Insurance fees
1923	14,708	₱375,213.23	₱4,660.38
1924	14,984	535,605.92	4,802.60
1925	21,753	748,164.08	7,271.98
1926	25,696	906,826.25	9,087.28

Domestic collect-on-delivery service.—There were 172,841 domestic C. O. D. parcels posted during the year, as compared with 225,057 for 1925, a decrease of 52,216, or 23.2 per cent. The commission (exclusive of registration fee and postage) collected on these parcels amounted to ₱44,001.78, as against ₱57,-356.06 for the previous year, a decrease of ₱13,354.28, or 23.2 per cent. The total collections amounted to ₱2,218.483.33, as against ₱2,769,667.12 for the previous year, a decrease of ₱551,183.79, or 20 per cent.

The following is a comparative statement of the growth of this service since 1922:

Parcels mailed

Year	Number	Amount to be collected	Commission paid
1922	74,242	₱830,975.94	₱17,794.74
1923	107,380	1,173,572.62	26,662.12
1924	160,849	1,944,475.58	41,376.70
1925	225,057	2,769,667.12	57,356.06
1926	172,834	2,218,483.33	44,001.78

Mails received from and dispatched to Philippine offices.—The Manila post office received 34,102 mails from Philippine offices, as against 31,036 mails for 1925, an increase of 3,066 mails or 9½ per cent. The number of pouches of letters received increased from 37,641 in 1925 to 38,923 in 1926, a difference of 1,282 or 3 per cent. The number of sacks received also increased from 18,515 in 1925 to 19.101 in 1926, a difference of 586 or 3 per cent.

The number of dispatches increased from 32,401 in 1925 to 34,266 in 1926, a difference of 1,865 or 5½ per cent. While the number of pouches dispatched increased from 46,362 in 1925 to 46,566 in 1926, showing a difference of 204 pouches. There was also an increase of 25,556 sacks or 22 per cent in the number dispatched, the figures being 111,468 for 1925 as against 137,024 for 1926.

Mailing of first and third class matter without postage.—Due to the campaign started during the preceding year to have Manila merchants use the third-class mailing permit, and the extension of the regulations governing the same to first-class matter, a considerable increase in the amount collected representing the value of postage stamps on such matters mailed without affixing stamps, was registered. The collections during the year amounted to ₱16,551.20, as against ₱4,419.82 for the preceding year, an increase of ₱12,131.38, or 274 per cent.

Second-class matter.—At the beginning of the year there were 142 publications registered as second-class matter, and 7 news dealers held permits to mail publications at the second-class rate of postage. During the year 22 new publications were registered, and 16 discontinued, so that on December 31, 1926, there were 148 publications registered as second class, 7 news dealers having permits to mail publications at the second-class rate.

The annual increase in the number of registered second-class publications from 1918 to 1926, as compared with 1903, is as follows:

Year	Number	Increase	Decrease	Per cent
1903	55			
1918	101	46		84
1919	105	4		4
1920	116	11		10
1921	127	11		9.5
1922	127			
1923	135	8		6.3
1924	131		4	3
1925	142	11		8.4
1926	148	6		4.2

The amount of second-class postage paid during 1926 was ₱57,198.77 as against ₱43,614.02 for the previous year, an increase of ₱13,584.75, or about 31 per cent.

The total number of copies of second-class publications mailed during the year was 35,117,010, as against 10,828,901 for the preceding year, showing an increase of 24,288,109 copies. There was an average of two copies for each inhabitant.

Special delivery service.—To minimize losses of ordinary special-delivery mails, all post offices were ordered, effective December 1, to keep record of special-delivery articles mailed, and to give them a serial number. In dispatching such articles, postmasters are now listing them on registry bills. However, no receipt for a special-delivery article is given the sender, nor information furnished him as to particulars of delivery, unless the addressee has denied receipt of the article in writing.

Exchange of mails with the United States.—A total of 178 mails were received from the United States, as compared with 190 for the previous year, or a decrease of 12 mails.

During the year 2,082 pouches of letters, 1,785 pouches, sacks, and cases of registers, and 68,372 sacks and cases of merchandise and printed matter were received from the United States which, compared with the corresponding figures for 1925, show an increase of 192, or 10 per cent, in the number of pouches of letters received, a decrease of 480, or 21 per cent, in the number of pouches, sacks, and cases of registers received, and 2,083, or 2½ per cent, in the number of sacks and cases of merchandise and printed matter received.

The number of Philippine mails dispatched to the United States was 167, while the number dispatched during the preceding year was 161, or an increase of 6. The mails dispatched consisted of 1,158 pouches of letters, 682 pouches of registers, and 33,404 sacks of registers, as against 1,154 pouches of letters, 707 pouches of registers, 29,014 sacks of registers, or an increase of 4, a decrease of 25, and an increase of 4,390, respectively.

The number of sacks of unregistered mails, including empty equipment, decreased, the number being 5,865, as compared with 7,073 for the year 1925, or a difference of 1,208, or 17 per cent.

United States insured parcels.—A total of 85,385 insured parcels were received from the United States and possessions, as against 88,564 for 1925, a decrease of 3,179 parcels, or 3½ per cent. The decrease is probably due to business depression. The following is a statement of the parcels received:

	1925	1926
Addressed to Manila	51,349	45,916
Addressed to Provinces	37,215	39,469
Total	88,564	85,385

Foreign parcels post articles received and dispatched.—A total of 13,794 international parcel-post articles were received during the year, as against 12,252 parcels for 1926, an increase of 1,542 parcels, or 12 per cent. The articles were received as follows:

	1925	1926
From oriental countries	6,043	8,318
From European countries	6,209	5,476
Total	12,252	13,794

On the other hand 4,692 ordinary and 5,087 registered parcels post articles were dispatched to foreign countries, a total of 9,779 parcels. Compared with the corresponding number sent during the previous year, namely, 4,912 ordinary and 2,718 registered, or a total of 7,630 parcels, there was an increase of 2,149 parcels, or 28 per cent.

The parcels were dispatched to different countries as follows:

	1925		1926	
	Ordinary	Registered	Ordinary	Registered
To oriental countries	2,872	2,356	2,818	3,224
To European countries	2,040	362	1,874	1,863
Total	4,912	2,718	4,692	5,087

Exchange of mails with foreign countries.—Five hundred and forty-five mail dispatches, consisting of 5,796 bags, were made to foreign countries, as against 513 mail dispatches, consisting of 6,078 bags, for the previous year, or an increase of 32 mail dispatches, or 6 per cent, and a decrease of 282 bags, or 4.6 per cent.

On the other hand, 469 mails, consisting of 12,862 bags, were received from foreign countries, as against 482 mails, consisting of 12,027 bags, for the previous year, or a decrease of 13 mails, or 2.7 per cent, and an increase of 835 bags, or 6.9 per cent.

COMMEMORATIVE POSTAGE STAMPS

Madrid-Manila flight.—To commemorate the Madrid-Manila flight, undertaken by three Spanish aviators, Captains Estevez, Loriga, and Gallarza, in 1926, the bureau ordered from the Philippine bureau of printing the overprinting of Philippine postage stamps with the words "Air Mail—1926—Madrid-Manila," and with a diminutive airplane design at the center as follows:

Stamps overprinted

Denomination	Quantity	Value
2-centavo postage stamps	10,000	₱200
4-centavo postage stamps	9,000	360
6-centavo postage stamps	5,000	300
8-centavo postage stamps	5,000	400
10-centavo postage stamps	5,000	500
12-centavo postage stamps	4,000	480
16-centavo postage stamps	4,000	640
20-centavo postage stamps	4,000	800
26-centavo postage stamps	4,000	1,040
30-centavo postage stamps	4,000	1,200
1-peso postage stamps	2,000	2,000
2-peso postage stamps	900	1,800
4-peso postage stamps	700	2,800
10-peso postage stamps	500	5,000

The stamps were placed on sale only in the Manila post office. As they were in great demand by philatelists, and as the quantity overprinted was limited, they were exhausted a few days after they were released for sale to the public.

Palace of the Philippine Legislature.—To commemorate the completion of the new building for the Philippine Legislature in 1926, the bureau issued a new set of postage stamps of the denominations and quantities as follows:

Denomination	Quantity	Surcharged "official"	
		Denomination	Quantity
2 centavos	502,550	2 centavos	90,500
4 centavos	304,400	4 centavos	90,450
16 centavos	203,750	18 centavos	70,000
18 centavos	103,950	20 centavos	70,250
20 centavos	103,450		
24 centavos	103,350		
1-peso	11,050		

The stamps were placed on sale in the Manila post office and in all principal post offices in the islands beginning December 20, 1926, and in the Bureau of Insular Affairs, War Department, Washington, D. C.

MAIL TRANSPORTATION

Mail routes.—There were 540 routes in operation during the year, the same as in the preceding year. Of these routes 421 are between post offices; 106 between post offices and mail boats and mail trains. The cost of transportation of mail over 13 of the routes was borne by the municipalities benefited.

The length of routes between post offices in operation during the year was 10,449.8 kilometers, as against 10.091.6 kilometers for the previous year, an increase of 358.2 kilometers, or 3.55 per cent.

During the year, mail was carried over a distance of 4,104,626.8 kilometers, as against 3,981,751.1 kilometers for 1925, or an increase of 122,875.7 kilometers, or 3.08 per cent.

The total cost of mail routes between post offices during the year was ₱209,535.37, as compared with ₱204,041.01 for 1925, an increase of ₱5,494.36, or 2.69 per cent.

The average cost per kilometer traveled was ₱0.0510, as against ₱0.0512 for 1925, a decrease of ₱0.0002, or .39 per cent.

The total cost of operating the 106 routes between post offices and mail boats and mail trains (except Manila) was ₱28,930.59, as against ₱23,763.88 for the preceding year, an increase of ₱5,166.71, or 21.74 per cent.

Miscellaneous expenses in connection with the transportation of mail amounted to ₱2,840.57, as compared with ₱1,655.38 for the previous year, an increase of ₱1,185.19, or 71½ per cent.

Transportation of mail by railroad.—During the year, mail was transported over 1,760,142 kilometers of the lines of the Manila Railroad Co. and the Philippine Railway Co. at a cost of ₱122.919.96, an increase of 81,770.6 kilometers, or 4⅘ per cent, and ₱267.81, or one-fifth of 1 per cent, respectively, over the figures for the previous year. The increase in kilometrage was due to the additional mail dispatches made. The average rate of compensation paid per kilometer in 1926 over the whole lines was ₱0.0698, or ₱0.0032 lower than for 1925, which was ₱0.07307. This reduced rate of pay was brought about by the increase in the number of kilometers over which mail was carried, which was proportionately greater than the increase in pay.

Transportation of mail by automobiles and trucks.—During the year mail was transported by automobiles and trucks over a distance of 2,708,554.4 kilometers at a cost of ₱105,439.62.

Transportation of mail by electric cars.—In Manila a portion of the mail was carried over 33,308.6 kilometers of the Manila Electric Co.'s line, as against 33,560.39 kilometers for the year 1925, or decrease of 251.8 kilometers, or 0.75 per cent. The cost of this service amounted to ₱1,094.91, as compared with ₱1,093.25 for the preceding year, or an increase of ₱1.66, or 0.15 per cent. The average rate of pay per kilometer was ₱0.0328, as against ₱0.0325 for 1925.

Improvement in transportation of mail.—About the latter part of the year 1925, the transportation of mail over routes under contract was again advertised for bids. In the contracts entered into for the carriage of mail during 1926,

several mail routes were consolidated and the frequency of service increased from two to six times a week. The changes thus made provided a more frequent service and saved the amount of ₱1,470 per annum from the sum of ₱61,945.92 which, for the previous year, was the total cost of operation of the routes affected.

TELEGRAPH AND RADIO

Receipts and expenditures.—During the year under review, 1,120,087 paid messages were handled, a decrease of 77,791, or 6.4 per cent as compared with the number handled in 1925 which was 1,197,878. The amount of tolls collected was ₱1,358.400.78, as against ₱1,414,006.89 for 1925, a decrease of ₱55,606.11, or 3.9 per cent.

The decrease of 77,791 in the number of messages and of ₱55,606.11 in the amount of tolls may be attributed partly to the fact that general business conditions in 1926 were less satisfactory than those in the previous year. Moreover, the general elections held in 1925 contributed to the heavier telegraph business in that year.

Night lettergram service.—During the year under review, 1,673 night lettergrams, containing a total of 60,409 words, were filed with tolls amounting to ₱1,745.45, or an increase of 3.3 per cent in the number of messages, 1.4 per cent in the number of words and an increase of 2.3 per cent in the amount of tolls, the number of lettergrams filed in 1925 being 1,262, containing a total of 52,855 words, and with tolls amounting to ₱1,414.93.

The lettergram service is maintained with little or no expense. Lucena, Romblon, Ibajay, Guinayañgan, and Masbate are "repeater" offices for the Manila-Iloilo, Manila-Cebu, and Manila-Legaspi circuits, and the establishment of the lettergram service at those places was merely incidental to the establishment of the service between Manila, Iloilo, and Cebu.

Most of the messages were greetings between friends or relatives and many would not have been wired at all had it not been for the existence of this service.

Combined telegraph-telephone service.—This service was established on July 1, 1921. For a long time previous to the establishment of this service, telegrams received at any telegraph office for a nontelegraph municipality, or barrio, were usually forwarded by mail even if the place of destination had telephone connection. It was also often necessary for those living in places where there were no telegraph stations to go to the nearest telegraph office—generally several kilometers away—to file their telegrams, although there were telephone stations in their own towns. This, as can readily be seen, was both inconvenient and expensive to the public. Under the combined telegraph-telephone system, telegrams may now be handed to the local municipal treasurers, who collect the necessary telegraph and telephone tolls and transmit the messages by telephone to the next town where there is a telegraph station. Telegrams received at any telegraph station are also telephoned now if the telephone tolls thereon have been paid at the office of origin. The arrangement has increased the usefulness of provincial telephone lines for the benefit of the public. It has also increased the revenue of the government.

During the year under review, 8,789 "combined telegraph-telephone" messages were handled, an increase of 936, or 12 per cent over the number handled in 1925, which was 7,853.

The service was extended to the Provinces of Camarines Sur, Leyte, Ilocos Sur, and Capiz on August 1, September 16, and November 16, respectively. It is now in operation in 478 nontelegraph towns and barrios, or an increase of 69 over the number in operation at the close of the year 1925.

FOREIGN CABLE SERVICE

Eastern extension cable.—During the year under review, we turned over to the Eastern Extension Australasia & China Telegraph Co. (Ltd.), a total of 5,848 cablegrams for abroad, or an increase of 284 (5.1 per cent) over the number handled in 1925, which was 5,564. For these cablegrams we paid the company ₱38,079.71, or a decrease of ₱2,770.69 (6.78 per cent), the amount paid in 1925 being ₱40,850.40. This company turned over to the bureau of posts for transmission to the Provinces 4,073 messages from abroad, or an increase of 257 (6.7 per cent), the number turned over in 1925 being 3,816. There was an increase of 38.2 per cent in the amount of tolls paid to us, the figures being ₱9,575.40 for 1926 and ₱6,925.88 for 1925.

Commercial Pacific Cable.—To the Commercial Pacfiic Cable Co. we turned over 2,754 cablegrams for abroad, mostly for America, paying therefor ₱36,-599.10, or an increase of 491 (21.6 per cent) in the number of messages and ₱1,894.06 (5.5 per cent) in the amount of tolls, the number of messages in 1925 being 2,263 and the tolls ₱34,705.04. There were turned over to us by this company 4,103 messages for transmission to the Provinces, paying therefor ₱6,575.29, or an increase of 233 (6 per cent) in the number of messages and ₱289.62 (4.6 per cent) in the amount of tolls as compared with the previous year's figures.

RADIO

The bureau of posts operates the following radio stations:

Station	Primary power, kilowatts	Type of transmitter
1. Alabat, Tayabas	15 watts	SCR No. 130 (tube).
2. Aparri, Cagayan	15 watts	Do.
3. Balabac, Palawan	2 kilowatts	R. C. A. (spark).
4. Balangiga, Samar	50 watts	E. S. Co. (tube).
5. Baler, Tayabas	½ kilowatt	W. S. A. (spark).
6. Basco, Batanes	5 kilowatts	R. C .A. (spark).
7. Batangas, Batangas	(1) 20 kilowatts	Do.
	(2) 2 kilowatts	Do.
8. Bongao, Sulu	1 kilowatt	Do.
9. Borongan, Samar	100 watts	E. S. Co. (tube).
10. Cagayan de Sulu, Sulu	3 kilowatts	Composite (spark).
11. Calapan, Mindoro	½ kilowatt	R. C. A. (spark).
12. Catbalogan, Samar	100 watts	E. S. Co. (tube).
13. Cebu, Cebu	(1) 5 kilowatts	R. C. A. (spark).
	(2) 2 kilowatts	Federal (arc).
14. Culion, Palawan	1 kilowatt	R. C. A. (spark).
15. Cuyo, Palawan	2 kilowatts	Telefunken (spark).
16. Davao, Davao	(1) 3 kilowatts	Do.
	(2) 5 kilowatts	R. C. A. (spark).
17. Hinatuan, Surigao	1 kilowatt	Do.
18. Iloilo, Iloilo	5 kilowatts	Do.
19. Infanta, Tayabas	2 kilowatts	Federal (arc).
20. Isabela de Basilan, Zamboanga	3-inch spark coil	Electro Import Co.
21. Jolo, Sulu	2 kilowatts	R. C. A. (spark).
22. Lebak, Cotabato	2 kilowatts	Do.
23. Legaspi, Albay	15 watts	SCR No. 130 (tube).
24. Malabang, Lanao	3 kilowatts	Composite (spark).
25. Malangas, Zamboanga	2 kilowatts	American Marconi.
26. Malita, Davao	1 kilowatt	R. C. A. (spark).
27. Mati, Davao	1 kilowatt	Do.
28. Pandan, Albay	15 watts	SCR No. 130 (tube).
29. Puerto Princesa, Palawan	2 kilowatts	Telefunken (spark)
30. San Francisco, Cebu	½ kilowatt	R. C. A. (spark).
31. San Jose, Mindoro	2 kilowatts	Do.
32. San Vicente, Cagayan	15 watts	SCR No. 130 (tube).
33. Siasi, Sulu	1 kilowatt	R. C. A. (spark).
34. Sogod, Leyte	50 watts	E. S. Co. (tube).
35. Surigao, Surigao	15 watts	SCR No. 130 (tube).
36. Virac, Albay	½ kilowatt	R. C. A. (spark).
37. Zamboanga, Zamboanga	(1) 5 kilowatts	Composite (spark).
	(2) 2 kilowatts	R. C. A. (spark).

Naval Communication Service.—The bureau handled, via the Naval Communication Service, a total of 6,390 radiograms as against 6,815 in the previous year, or a decrease of 425 (6.2 per cent).

Radio Corporation of the Philippines.—The United States naval radio station at Los Baños (or Cavite) has stopped since March, 1926, the handling of private or commercial messages for any ship, except when the vessel is on the way to, or is sailing from, a foreign port and the radiograms are to be relayed via another coastal station. Ship messages are now being routed through the station of the Radio Corporation of the Philippines.

During the year, 292 radiograms with tolls amounting to ₱315.96 were turned over to the bureau for transmission to the Provinces, and 212 messages with tolls amounting to ₱193.03 were turned over by us to the corporation for transmission to ships.

Radio service between the Philippines and British North Borneo.—The direct radio service between the Philippines and British North Borneo, through radio Zamboanga and radio Sandakan, was established on April 9, 1920. During

the year under review, 195 messages, containing 1,337 words, were exchanged between Zamboanga and Sandakan, or a decrease of 68 messages (26 per cent) and 791 words (37 per cent). There was also a decrease of ₱293.80 (38 per cent) in the amount of tolls due us.

Free distribution of news broadcasted by United States naval radio station.—Under date of September 10, 1926, an administrative order was issued authorizing the bureau of posts radio stations at Basco (Batanes), Baler (Tayabas), Infanta (Tayabas), Virac (Albay), Borongan (Samar), Sogod (Leyte), Hinatuan (Surigao), San Jose (Mindoro), Cuyo (Palawan), and Culion (Palawan), to copy the local and world news broadcasted daily by the United States naval radio station at Los Baños, and to distribute copies thereof, free of charge. The radio stations at San Francisco (Cebu), Malita (Davao), Mati (Davao), Lebak (Cotabato), Siasi (Sulu), Bongao (Sulu), Cagayan (Sulu), Balabac (Palawan), and Puerto Princesa (Palawan) were also authorized to copy and distribute the news when they shall have been equipped with suitable radio receivers.

MONEY-ORDER SERVICE

A direct exchange of postal money orders between the Philippine Islands and Germany was proposed in the year 1911. However, no definite agreement had been arrived at until March 8, 1926. The service was formally inagurated beginning April 1, 1926.

The total number of money orders issued during the year was 1,081,582, as against 1,022,099 for the previous year, an increase of 59,483, or 6 per cent. The aggregate value of these orders was ₱48,890,425.66, as against ₱47,139,260.08 for the previous year, an increase of ₱1,751,165.58, or 4 per cent. The fees received for these orders amounted to ₱275,999.42, as against ₱264,440.03 for the previous year, an increase of ₱11,559.39, or 4 per cent.

The total number of domestic and foreign money orders paid and repaid in this service was 1,101,210, as against 980,426 for the previous year, an increase of 120,784, or 12 per cent. The aggregate value of these orders was ₱53,058,675.49, as against ₱50,777,776.58 for the previous year, an increase of ₱2.280,891.91, or 4 per cent.

During the year, the value of money orders sent out of the Philippine Islands was ₱1,676,472.06, as against ₱1,556,844.98 for the previous year, an increase of ₱119,627.08, or 7 per cent. Likewise, the value of United States and foreign money orders paid in this service registered an increase of ₱882,964.48, or 16 per cent, over the previous year, the total amount paid being ₱6,248,506.72, as against ₱5,365,542.24 for the year 1925. At the close of the year covered by this report, the balance of the exchange of money orders with the United States and other foreign countries was in favor of the Philippines by ₱4.572,034.66. The increase in the amount of orders sent out of the country may be attributed to the fact that many, particularly the small buyers, made their purchases abroad, especially from the United States. As in previous years the increase in the amount of United States and foreign orders paid in this service may be traced to the growing number of Filipino laborers emigrating to Hawaii and other insular possessions of the United States, who continuously send their savings to their families here by means of money orders.

Telegraphic transfer service.—This service is conducted only between offices having money-order and telegraphic facilities. During the year under review the telegraphic transfer business suffered a slight decline due to the unsatisfactory condition of the domestic commerce brought about by the fact that many, especially the small buyers, made their purchases from the United States.

The total number of transfers issued during the year was 76,901, as against 83,120 for the previous year, a decrease of 6,219, or 7 per cent. The aggregate value of these transfers was ₱12,433,028.79, as against ₱12,975,349.73 for the previous year, a decrease of ₱542,320.94, or 4 per cent. The fees received for these transfers amounted to ₱57,390.80, as against ₱59,118.35 for the previous year, a decrease of ₱1,727.55, or 3 per cent. The fees do not include the tolls for the telegraphic transfer messages.

The total number of transfers paid was 70,704, as against 71,864 for the previous year, a decrease of 1,160, or 2 per cent. The aggregate value of these transfers was ₱12,439,218.40, as against ₱13,182,084.20 for the previous year, or a decrease of ₱742,865.80, or 6 per cent.

POSTAL SAVINGS BANK

Deposits and accounts.—At the close of the year there were 187,772 depositors with total deposits amounting to ₱5,999,816.86, an increase over the previous year of 11,716 depositors, or 6 per cent, and ₱117,175.57, or 1 per cent, in the amount of deposits. Of these accounts, 180,634 were by Filipino depositors, an increase of 11,729 over last year, or 6 per cent, and the rest by Americans, Europeans, and other orientals.

The average deposit on each account during the year was ₱35.64, while the per capita deposit was ₱0.40.

The number of new accounts opened was 24,178, an increase of 3,461, or 16 per cent, while the number of accounts closed was 12,462, or an increase of 176, or 1 per cent. The new accounts opened had a total deposit of ₱815,036.83. The withdrawals numbered 81,691, valued at ₱4,912,812.03, as against 78,024, valued at ₱4,725,001.50, for 1925, an increase of 3,667, or 4 per cent, in the number of withdrawals and an increase of ₱187,810.53, or 3 per cent, in the value withdrawn.

The total income amounted to ₱421,099.50, an increase of ₱67,994.33, or 19 per cent over that of the previous year. The cost of administration was ₱84,067.57, as against ₱98,678.03 of the previous year, a decrease of ₱14,610.46, or 14 per cent. The net earnings amounted to ₱212,383.69, showing an increase of ₱93,222.04, or 70 per cent. The reserve fund, thus increased by the net earning, amounted to ₱763,394.46 at the close of the year, or an increase of 38 per cent over that of the previous year.

The relative proportion of operating expenditures to the amount of the annual deposits is 0.017 per cent. In other words, the postal savings bank spends for the cost of administration less than 1 centavo for every 1 peso of deposit.

Rate of interest.—The rate of interest paid on deposits has been increased from 2½ per cent per annum to 3½ per cent per annum. Local commercial banks are paying 4½ per cent on savings deposits.

Investment.—The investments of the funds of the Postal Savings Bank were as follows:

Classification	1925	1926	Increase or (decrease)
Bonds:			
Philippine Railway Co. bonds, at 4 per cent	₱505,000.00	₱505,000.00	None
Manila Railroad Co. bonds, at 4 per cent	323,875.50	323,875.50	None.
City of Manila bonds, at 4 per cent	460,000.00	460,000.00	None
Fixed assets:			
Foreclosed mortgaged property	102,439.71	53,882.20	₱(48,557.51)
Other investments:			
Real estate mortgages, at 7 and 9 per cent	2,600,760.57	2,881,791.95	281,031.38
Retirement gratuities, at 6 and 9 per cent	4,200.34	420.85	(3,779.49)
Loans to Provinces and municipalities, at 5 per cent	1,177,466.00	1,275,902.00	98,436.00
Total of bank investments	5,173,742.12	5,500,872.50	327,130.38

FINANCIAL SUMMARY STATEMENT

The revenue of this bureau for the fiscal year ended December 31, 1926, amounted to ₱4,270,401.51. This represents an increase of ₱139,989.16, or 3.2 per cent over the receipts for the preceding fiscal year, which amounted to ₱4,130,412.35. The total expenditure amounted to ₱3,301,628.42, which is ₱109,506.65, or 3.2 per cent, less than that of the previous year. The net surplus of the bureau for 1926 amounted to ₱1,012,544.59, as against ₱765,074.76 for 1925, or an increase of ₱247,469.83, or 32 per cent.

BUREAU OF SUPPLY

ORGANIZATION AND PERSONNEL

Mr. Miguel Cuaderno resigned the position of purchasing agent in the latter part of August, 1926, to become assistant general manager of the Philippine National Bank. Mr. Francisco Segado was thereupon designated acting purchasing agent, so that there was no interruption in the direction of the bureau.

With this exception, there were no important changes in the personnel. No increase, either in the classified or unclassified service, was effected during the year. Except when absolutely necessary, vacancies which occurred in either class were left unfilled indefinitely or totally abolished.

REQUISITIONS AND SALES

The number of requisitions received during the year from the different branches of the government totaled 25,806. This is an increase of 1,981 over the previous year. Their sources are as follows:

	1926	1925
Bureaus and offices in the city of Manila, including government-owned institutions	10,744	9,391
Provinces and municipalities, including the city of Baguio	13,843	12,391
Philippine Sugar Centrals Agency	1,219	2,043
Semigovernmental institutions and private parties	104	85

The total money value represented by these requisitions is shown by the value, including surcharges and transportation, of the supplies and materials issued from stock and bought locally or from the United States, but exclusive of the articles delivered directly to government bureaus and offices in Manila under the direct order and payment system. This value totals ₱14,714,495.08, and is ₱3,810,499.31 less than the corresponding item for the year 1925. The decrease is wholly accounted for by the corresponding decrease in the purchases made for the Philippine Sugar Centrals Agency, inasmuch as there was even a slight increase in the total value of the sales made to the different branches of the government. The table following shows the distribution of these sales for the years 1925 and 1926:

	1925	1926
To bureaus and offices in the city of Manila	₱7,094,415.80	₱6,994,379.89
To Provinces	2,682,339.26	3,102,047.70
To municipalities	1,568,099.36	1,834,032.07
To Philippine Sugar Centrals Agency	7,146,798.04	2,759,695.58
To private parties	33,341.93	24,339.84

PURCHASES

Of the purchases amounting to ₱16,384,418.42 (including those under the direct order and payment system), made by the bureau of supply during the year, distributed as follows:

From—	1925		1926	
	Amount	Per cent	Amount	Per cent
Local merchants	₱16,665,388.95	86.32	₱14,332,794.04	87.48
The United States through our purchasing agent in New York	2,259,733.81	11.70	1,980,411.61	12.09
Foreign countries	382,530.60	1.98	71,212.77	.43

It will be noted that more than 87 per cent were purchases made from local merchants; only slightly more than 12 per cent were from the United States and foreign countries.

STOCK

Consistent with the policy inaugurated seven years ago, of constant reduction of the stocks kept on hand, last year's stock purchases show a decrease

of nearly ₱35,000. The table following illustrates how far the reduction has gone:

Year	Value of stock	Year	Value of stock
1920	₱5,339,196.93	1924	₱1,185,267.85
1921	4,974,700.37	1925	859,497.90
1922	3,222,154.24	1926	824,913.01
1923	2,388,747.87		

In this manner the burden of keeping a great amount of stocks of miscellaneous supplies has been gradually shifted from the government to the merchants, thereby reducing the need of government warehousing to the minimum, with less risk of loss by fire or other calamities and facilitating reduction in personnel.

As the bureau of supply, however, is the central purchasing agency of the government, it is inevitable that sufficient stocks of the most important articles should be kept on hand to enable the bureau to serve without delay the needs of the other branches of the government. Since these purchases for stock are on wholesale basis and made through competitive bidding, deliveries of which are not required until three or four months afterwards, the most advantageous prices for the government are secured. Galvanized-roofing sheets, structural steel, coal, and cement are the biggest items of stock supplies which must be on hand at all times, as these are requisitioned in large quantities and are not generally available in the local market. The most commonly used items of stationery, hardware, and drugs have also to be kept on hand.

DIVISION OF COLD STORAGE

The division of cold storage is a very important unit of this bureau. In fact, it is one of the few institutions in the entire government which make real money for the insular treasury. A statement, therefore, though brief, of its operations showing a relation between expenses and income is of practical value. The volume of business handled by this division during 1926 has considerably increased. This is especially so in the case of the sale of ice. The increased demand for ice was due to the long stretch of extreme hot season during the months of March, April, May, and June last. The demand was such that the output of the plant was not sufficient to meet the same.

In spite of the old age of the present machineries of the plant, efficient management and close supervision of their operation have effected very gratifying results, as reflected in the earnings made and the important improvements realized during the year.

The net gain amounted to ₱200.433.96, an increase of ₱25,646.74. The improvements of the plant cost ₱48,368.19, as follows: (1) For the replacement of the drum of one steam condenser, ₱9,345; (2) repair of the ammonia condensers, ₱11,298.32; (3) repair of distilled water tank, lines, and water cooler, ₱4,064.43; (4) miscellaneous repairs of buildings, ₱8,411.20; (5) cost of material furnished by the division of cold storage for the construction of the cottage for the chief, division of cold storage, ₱3,778.52 (NOTE.—Cost of labor for this project was furnished by the municipal government of the city of Manila); (6) a replacement of one boiler-feed pump and one noncondensable gas separator, ₱1,297.40; (7) repairs on steam condensers, circulating pumps, one feed pump, distilled water pump, boilers, ice tanks, oil filters, and covering of ammonia pipes, ₱9,206.98; (8) miscellaneous equipments purchased during the year, ₱966.34, giving a total of ₱48,368.19. If the said improvement had not been made the net income would have been ₱248,802.15.

The table following gives a comparative statement of the gross earnings for the years 1925 and 1926:

	1925	1926	Decrease	Increase
Cold storage	₱185,987.09	₱192,133.16		₱6,146.07
Ice	324,577.59	368,962.43		44,384.84
Water	65,972.28	57,891.00	₱8,081.28	
Electric current	4,939.77	2,628.31	2,311.46	
Miscellaneous	8,309.04	3,693.05	4,615,99	
Total	589,785.77	625,307.95	15,008.73	50,530.91

The total expenses required for the operation and maintenance of the plant were ₱423,589.88. There is reported a net earning of ₱201,718.07, from which, however, should be deducted the amount of ₱1,284.11, which comprises losses on bad debts, deterioration of supplies and sales stock, thus leaving a clear net earning of ₱200,433.96.

The total expenses of operation for the year are ₱11,292.89 more than the corresponding expenses for last year on account of the fact that the engine which used to manufacture electric fluid for the lighting equipment of the plant was destroyed by explosion on account of old age sometime in the early part of the year, and since then it has been necessary to secure electric fluid from the Manila Electric Co. Besides, other worn-out parts of the machinery had to be replaced.

In the near future the machinery now in use in the plant will be replaced by electrically driven ones, and it is confidently hoped that when the innovation is completed this government ice plant will be one of the most, if not the most, modern equipment of its kind in the Far East.

LUMBERYARD AND SAWMILL

Before the end of the year 1926 the lumberyard and sawmill had been completely closed. The machinery of the sawmill and the buildings and lumber sheds was turned over to the bureau of public works.

OPERATING EXPENSES

The operating expenses of the bureau of supply during the year are as follows:

Bureau of supply:	
Total amount of expenses for salaries, wages, and other activities	₱342,069.74
Gross earnings derived from operation	623,119.60
Which shows a net profit on current year operation of	281,049.86
Division of cold storage:	
Total amount of expenses	423,589.88
Gross earnings	625,307.95
Which shows a net profit of	201,718.07

BUREAU OF COMMERCE AND INDUSTRY

ORGANIZATION AND PERSONNEL

No material change has been made in the organization plan of the bureau during the year 1926, except that the division of navigation and the division of lighthouses were again united by Act No. 3227 into the division of navigation and lighthouses. For this reason, the organization plan of the bureau during the year 1926 was the same as that of February 1, 1923, as per blue print on file.

The following comparative table shows the personnel of the bureau at the end of the years indicated:

	1924		1925		1926	
	Classified	Unclassified	Classified	Unclassified	Classified	Unclassified
Office personnel:						
Americans		1		1		1
Filipinos	114	32	112	54	112	66
Navigation: Filipinos	123	321	124	380	131	342
Marine railway and repair shops:						
Americans		2		2		2
Filipinos	5	324	6	313	6	379
All others		25		19		27
Total	242	705	242	769	249	817
Summary:						
Americans		3		3		3
Filipinos	242	677	242	747	249	787
All others		25		19		27
Grand totals	947		1,011		1,066	

RESEARCH DIVISION

During the year ending December 31, 1926, the research division performed the following activities:

1. Gathering of commercial and industrial information in response to specific inquiries from outside parties. The agents submitted 220 reports of the investigations conducted by them during the year.

2. The compilation of commercial and industrial data required by Col. Carmi A. Thompson. These data relate to manufactures, foreign and domestic shipping, foreign and domestic commerce, land and water transportation, and legislation affecting commerce and industry. This compilation constitutes a comprehensive survey of Philippine economic conditions and, it is believed, will serve as an invaluable reference work.

3. The preparation and publication of the tourist folder, Miss Philippines is Calling You. Forty thousand copies were delivered by the bureau of printing in February, 1926, and in November, 1926, it was found necessary to order the reprinting of 20,000 additional copies. Distribution in the United States is being done by the Railway Folder Schedule Distributng Co., of San Francisco, by means of their folder cabinets located in British Columbia, Washington, Oregon, California, the Orient, the Mediterranean, Honolulu, and on all steamers leaving the Pacific coast ports of the United States, in trans-Pacific, round-the-world, intercoastal, Central America, and coastwise passenger service. The cost is $50 per month. From March 1, 1926, to the close of the year 30,000 copies had been shipped to San Francisco, and complying with the request of the distributors, another supply of 15,000 copies will soon be shipped. The Robert Dollar Steamship Co., the Canadian Pacific Steamship Co., Thos. Cook & Sons, and several shipping companies in Australia and New Zealand have been furnished at their own request with a good supply of this folder.

4. The supervision of the bureau's commercial library and museum.

5. The bureau's participation in the 1926 Manila Carnival-Commercial and Industrial Fair.

6. The distribution of Commerce and Industry Journal.

GENERAL TRADE INFORMATION SERVICE

As usual, the commercial division took charge of the general publicity work of the bureau. Inquiries calling for varied information on the different phases of commerce and industries were answered verbally or by correspondence. Articles informing the general public of the local business possibilities and opportunities, of conditions obtaining in foreign markets for Philippine products, and of other miscellaneous commercial and industrial data and information were prepared and released.

Correspondence received and acted upon.—During the year 1926 a total of 1,289 domestic and 535 foreign correspondence covering a wide range of subjects were received from different sources.

The total incoming correspondence in 1925, both domestic and foreign, being 1,962, it results that the total figure for the year under review is 138 less, or about 7 per cent decrease.

Correspondence prepared and released.—The commercial division prepared and released a considerable number of correspondence, most of which were answers to inquiries coming from different parties, both here and abroad, asking for some trade data and information. They are composed of 1,386 letters, 28 circular letters, 140 indorsements, 54 telegrams, 15 memoranda, 27 trade opportunities, 135 press notes, and 277 market (quotations) reports. The figures for the year 1925 were 1,612 letters, 50 circular letters, 108 indorsements, 107 telegrams, 7 memoranda, 73 trade opportunities, 172 press notes, and 281 market (quotations) reports.

Trade opportunities.—During the year covered by this report 47 "trade opportunities" were published. Four thousand seven hundred copies in both English and Spanish, or an average of 100 copies for each trade opportunity, were issued. Nineteen verbal and 78 written inquiries coming from different parts of the islands and the United States as well have been received in answer thereto. The following is a recapitulation of business connections sought through this trade-opportunity service of the bureau during 1926:

Countries

Argentina	1	Norway	1
Australia	1	Spain	2
China	4	Sweden	2
Cuba	1	Switzerland	1
France	1	United Kingdom	4
Germany	5	United States	10
Hawaii	1	Different parts of the Philippine Islands	5
Hong Kong	1		
India	3	Total	47
Italy	3		
New Zealand	1		

Publications.—The following is a 1925–26 comparative statement of three important publications of the bureau, showing the number of copies disposed of during the years indicated as well as the balance on hand at the end of each year:

Publications	Year	Copies disposed of	Balance on hand
Economic Map of the Philippine Islands	1925	497	1,501
	1926	107	1,394
Tourist Handbook of the Philippine Islands	1925	1,103	4,216
	1926	482	3,734
Commercial Handbook of the Philippine Islands	1925	473	28
	1926	308	87

Important callers.—The commercial division continued to receive many calls for commercial and industrial data and other miscellaneous information from business men, government officials, representatives of the local consular officers and business houses, tourists and other travelers, local merchants and manufacturers, professionals and students. Four hundred and eighty-seven callers were received and attended to during 1926.

MARKET-INFORMATION SERVICE (MARKETS SECTION)

Local quotation service.—During the year 1926 the markets section prepared and released 60,802 copies of Manila daily market reports, 71,497 copies of Manila weekly market reports, 972 copies of Manila monthly market reports, and 156 special market-quotation reports. Compared with those of the previous year they are distributed as follows:

Report	1926	1925
English Manila daily market report	36,722	44,080
Spanish Manila daily market	24,080	28,880
English Manila weekly market report:		
Distributed in the Philippine Islands	56,551	16,582
Sent to the United States	5,618	5,610
Sent to foreign countries	1,378	1,508
	63,547	23,700
Spanish Manila weekly market report	7,950	11,024
English Manila monthly market report	588	540
Spanish Manila monthly market report	384	480
Spanish copies of Manila Tuesday market report	52	52
English fortnightly compilation of New York sugar prices and Philippine Islands	104	104

A readjustment in the distribution of the market quotation reports had to be made, within the limited appropriation, in order to enable the markets section to send copies to all municipalities in addition to interested members of the business community in the Philippines and abroad. The Manila weekly reports, issued on Tuesdays for publication in the Philippines Free Press, and the fortnightly compilation of data on sugar for the Sugar News, were continued.

Foreign market quotation service.—The markets section continued to receive weekly cablegraphic quotations on the leading grades of Philippine products in New York, London, and Hong Kong markets. Based on these cables, the markets section prepared and released 52,396 copies of press notes, of which 6,628 were in English and 45,768 in Spanish, showing a total increase of 38,772 copies, compared with the total number released during the preceding year. The contents of the cables received from New York were also transmitted by telegram to the agents in Cebu and Iloilo, to be released by them for the information of all concerned in their respective districts.

Market interpretation by radio.—The markets section is sparing no efforts in making its quotation service as useful as it could make it to the public. How far this is true may be seen from the fact that market interpretation by radio was inaugurated in the early part of the year under review, and has ever since been released daily, except Sundays and holidays, at 10 o'clock in the morning. The same market interpretation broadcast by radio in the morning is subsequently published by some of the Manila dailies which have reserved enough space for it in their issues.

Special requests for market information.—As in previous years, certified copies of our records of market quotations which were used as evidence in courts were furnished to a number of lawyers and litigants upon payment of the required fees. Extracts of our records were also furnished other interested parties, including income-tax examiners and other officers of the government, principally for statistical purposes and as a guide in market observations and in fixing income taxes and liquidating the accounts of producers and tenants, business firms, and associations.

Foreign exchange.—The markets section continued the work of collecting the prevailing rates of exchange of foreign currencies in the local money market, both buying and selling. As formerly, this has enabled us to answer requests for rates of foreign currencies prevalent at certain periods in the past and rendered more accurate the conversion of the cablegraphic reports from New York, London, and Hong Kong into their equivalents in local denominations.

TOURIST SERVICE

Organization and personnel.—The year 1926 marked the seventh year of the operation of the tourist service of this bureau with a branch office in the lobby of the Manila Hotel. At the beginning of the year the tourist section had four regular guides composing its personnel until March 1, 1926, when the number was increased to five on account of the transfer to the commercial division of Mr. Melchor Masigan. But this number was reduced again to four when Mr. Masigan was assigned in the Cagayan Valley as market agent since October, 1926. He is still in that region helping in the work of promoting and organizing tobacco cooperative marketing associations.

Activities.—As in previous years, the guides boarded incoming passenger vessels, interviewed tourists on board, gave out information regarding the country and its people, and distributed the bureau's publications (Tourist Handbook of the Philippine Islands and Miss Philippines is Calling you). They also planned and conducted, upon request, sight-seeing trips either in and around the city of Manila or in the Provinces for the visitors.

Work accomplished.—The following is a comparative summary of the work accomplished by the tourist section during the years 1925 and 1926: Number of persons who availed themselves of the services of the tourist guides, who accompanied them in their sight-seeing, shopping, and business tours in Manila and the Provinces, 2,588 and 3,634; the number of vessels boarded, 150 and 109; the number of persons given information but not accompanied by any guide, 397 and 269; the number of persons traveling independently, 396 and 394. The following shows the number of tourists brought in by round-the-world cruises:

Round-the-world cruises

Operated by—	1926	1925
American Express Co.:		
Steamship Belgenland	435	500
Canadian Pacific:		
Steamship Empress of Scotland	443	
Steamship Empress of France		309
Frank C. Clark:		
Steamship Laconia	650	
Steamship California		600
Thomas Cook & Sons: Steamship Franconia	400	360
Raymond & Whitcomb: Steamship Carinthia	400	425
United America Line: Steamship Resolute	350	
Hamburg-America Line: Steamship Ryndam	560	
Total	3,238	2,194

The places of interest most visited by the tourists, besides Manila, were Fort William McKinley, ruins of Guadalupe, Las Piñas bamboo organ, Montalban Gorge, Pagsanhan Falls, Antipolo, and Baguio.

The year 1926 was a highly successful year for the tourist service of this bureau, for, according to the foregoing figures, an aggregate number of 3,634 tourists were taken care of by the tourist section as against 2,588 it had served in 1925 and 2,523 in 1924. This was principally due to the arrival of the seven round-the-world cruises which brought in many tourists.

PHILIPPINE COMMERCIAL ATTACHÉS

At the early part of 1926 the posts of commercial attachés in the United States were suppressed. Through an arrangement made several years ago with the Bureau of Foreign and Domestic Commerce, Messrs. Emilio B. Macasaet, Abdon Llorente, and Manuel S. Rustia were allowed to work in the district offices of the said bureau at Boston, San Francisco, and Seattle, respectively, to gain experience in government trade-promotion work. The arrangement was ended, as the officials of that bureau felt that they could no longer afford to continue extending this courtesy to our men. Mr. Rustia was retained in the United States as a pensionado; Mr. Llorente also remained in America, but on his own account; and Mr. Macasaet returned to the Philippines.

Some beneficial results were accomplished by these attachés, particularly Mr. Rustia, and it is to be regretted that our request for funds with which to maintain similar offices of our own in the United States was not approved. The only office we have there now to promote Philippine trade is the New York Commercial Agency, whose facilities are too meager for the magnitude of the work which should be done in behalf of our products in that great market.

NEW YORK COMMERCIAL AGENCY

Nature of the information given out.—During the year under review the New York Commercial Agency has given out to 283 parties in the Philippines and in the United States trade information classified as follows: Sugar, 14; tobacco and manufacturers of, 8; hemp and manufacturers of, 4; coconut industry 3; coconut oil, 4; copra, 15; desiccated coconut, 6; rubber-tree seeds, 1; kapok, 8; lumber, 10; hats, 10; textile, 2; coir fiber, 4; pina cloth, 2; pili nuts, 2; lumbang oil, 1; gogo bark, 2; canned fruits, 1; ilang-ilang oil, 1; other Philippine agricultural products, 2; embroidery, 9; shopping bags, 2; baskets, 2; fancy slippers, 2; guano, 3; candle manufactures, 1; Manila carnival, 3; public lands, 2; sales tax, 1; advertising, 5; marine insurance, 1; transportation and freight rates, 3; trade marks and brands, 1; corporation laws and partnership, 4; foreign trade of the Philippines, 3; financial, 10; tariff (duties on various articles, certificate of origin and drawbacks), 11; government regulations about boilers, 2; general facts and figures about the Philippines, 33; agricultural implements, 1; electrical equipment, 5; chemicals and drugs, 9; paper, 1; United States agricultural products, 3; novelties, toilet articles, lotions, etc., 4; phonographs, records, sewing machines,

3; shoes, leather and manufacturers of, 3; all others, 47. This enumeration does not include the weekly cables regarding New York market conditions on sugar, hemp, cigar, copra, desiccated coconut, coconut oil, and embroidery.

Trade connections and trade opportunities.—There were 24 trade connections and trade opportunities handled by the agency. These cover 26 different subjects and, counting those duplicated by two or more recipients, the number will reach 38.

Callers.—The number of parties that called at this agency for trade inquiry were 95 and the information furnished them cover the following subjects: Exports and imports, 56; tariff, 7; other laws, 8; agricultural and industrial, 9; finance, 4; unclassified, 29.

Cables on market conditions.—Weekly cables on New York market conditions on Philippine staples have been regularly forwarded to the central office. The products covered are hemp, sugar, coconut oil, copra, desiccated coconut, embroidery, and cigars.

Help given to Filipinos.—The special help extended to 46 Filipinos cover: Certificate to secure seaman's passports, securing employment, arrangement for special passage rates, letters of introduction, itineraries for Europe, accommodations in New York City, and shopping.

Press notes.—The agency released press notes on the Commercial Handbook, Tourist Handbook, Statistical Bulletins, Carnival Handbook, Commerce and Industry Journal, Economic Map of the Philippines, and Miss Philippines is Calling You.

Total correspondence handled.—The total number of correspondence handled during the year is 1,462, of which 495 represent letters received and 969 letters sent out. The outgoing correspondence include 269 trade information, 24 trade connections and opportunities, and 676 all others, unclassified.

Publications received.—During the year 1,446 trade papers, magazines, catalogues, house organs, etc., have been received from various parties in the United States. Of this number 23 are new ones. Some copies of the latter have been forwarded to the central office.

Publications sent out.—The agency sent out 3,400 publications, classified as follows: Tourist Handbook, 13; Philippine Resources and Opportunity, 28; Philippines of To-Day, 4; Carnival Handbook (1926), 37; 1927 Carnival Handbook, 95; Commerce and Industry Journal, 173; Statistical Bulletins, 373; Miss Philippines is Calling You, 8; Economic Map of the Philippines, 3; Kapok, 1; and Live News from the Philippines, 2,665.

ILOILO COMMERCIAL AGENCY

Inquiries.—A total of 882 inquiries were received and answered in 1926 as compared with 820 in 1925, an increase of 62. Twenty of such inquiries were made by letter, as against 25 in 1925; 326 by telephone (more or less), as against 263; 536 in person, as against 532. It is significant to note that the bulk of inquiries were made in person or through the telephone for the reason that most of them come from persons found or living in the town of Iloilo, who could thus obtain the information they want easier by calling up the agency or going there in person.

Publications distributed.—The agency furnished inquirers 398 copies of publications and reports, as against 166 given out in 1925. Such reports and publications include statistics of imports and exports, the Iloilo market reports, estimates of sugar production, trade opportunities, bureau publications such as the Commerce and Industry Journal, the pamphlet on buoys and lights, etc. During the Iloilo carnival the agency distributed various bureau publications free of charge. To the provincial governors of Antique, Capiz, Romblon, Iloilo, and Occidental Negros the manager of the agency mailed our pamphlets on kapok for distribution among the municipalities within their respective districts.

CEBU COMMERCIAL AGENCY

Market reports.—As a part of the routine work of the agency, weekly and monthly market reports giving information on the prevailing market conditions and ruling quotations for each of the principal commodities in Cebu were made during the year under review. These weekly and monthly reports were sent regularly to the central office of the bureau, to provincial treasurers and municipal presidents of the Provinces belonging to the district assigned to said

agency; to the provincial treasurer of Misamis; to commercial firms and farmers within the district and in Misamis and Leyte, in spite of the fact that the last two named Provinces do not belong to said district; to the Iloilo Commercial Agency; to local banks; to the Cebu press; to the Cebu Chamber of Commerce; and to many others who availed themselves of the service.

In order to be able to serve all, it was necessary to make not less than 250 typewritten copies for each report, each copy consisting of from 4 to 5 pages of 8 by 13 inches, which required three or four days' work.

Other activities.—This agency furnished regularly the local newspaper and the most important commercial firms copies of New York, London, and Hong Kong cable quotations, trade opportunities, and export reports from Iloilo, Zamboanga, and Iligan.

It published, as is done every year, a classified trade directory of the city of Cebu, containing the names, addresses, and telephone numbers of all commercial firms, tradesmen, and professionals.

The agency also helped in some way or other the government coast guards that called at Cebu port whenever its services were required. It also reported besides to the central office, on various occasions, matters in connection with the lighthouses, beacons, and buoys.

STATISTICS

On September 22, 1926, Statistical Bulletin of the Philippine Islands for 1925 (eighth number) came off the press. Due to unavoidable causes, it was not possible to have this bulletin available for the public at an earlier date. It contains 23 diagrams, 140 tables, and 150 pages, as compared with 24 diagrams, 135 tables, and 148 pages of Bulletin No. 7 for 1924. Serving, as they do, as an advertising medium of the commercial and industrial conditions and economic possibilities and development of the Philippine Islands, the statistical bulletins of this bureau have evoked high commendation from business men, government officials, professional men, university and college professors and students, schoolteachers, librarians, etc., both here and abroad.

The Statistical Bulletin for 1925 covers the following subjects: Area and population, education, vital statistics, agriculture and public lands, livestock, forests, fishing, mining, labor and wages, manufacturing industries, oversea trade, domestic commerce, corporations and associations, prices, etc., transportation and communications, foreign shipping, domestic shipping, finance, banking, and insurance, meteorological statistics, and miscellaneous.

REGISTRATION OF MERCANTILE DOCUMENTS

The registration of corporations, partnerships, and patents and trade-marks is performed by the bureau's legal division (Mercantile Register), which is composed of three sections, namely, the corporation section, the partnership section, and the patents and trade-marks section.

Corporation section.—The following shows the work performed by the corporation section during the year and the fees collected therefor:

	Fees collected
17 licenses were issued to foreign corporations to transact business in the Philippines	₱3,225.00
213 articles of incorporation of stock corporations were examined and filed	12,050.00
82 articles of incorporation of nonstock corporations, including beneficent societies, clubs, schools, and religious organizations, and for the protection of early infancy, were examined and filed	2,050.00
19 certificates of increase of capital stock of various corporations were examined and filed	2,175.00
73 amended articles of incorporation of various corporations were examined and filed	730.00
206 by-laws of various corporations were examined and filed	412.00
32 amendments to by-laws of various corporations were examined and filed	64.00
2 substitute appointments of chief priest of religious corporations were examined and filed	20.00
1 mortgage deed executed by a sugar central	25.00

	Fees collected
6 substitute appointments of agents of foreign corporations were examined and filed	₱60.00
16 powers of attorney, deeds of sale, and other documents in connection with corporations registered in this bureau were examined and filed	48.00
14 affirmative certificates regarding the registration of corporations were issued	70.00
264 certified copies of corporation papers and certifications were issued	2,305.00
2 articles of incorporation of rural credit association and by-laws were examined and filed	Exempt.
Total amount collected during 1926	23,234.00
Total amount collected during 1925	15,306.66
Increase of 1926 collections over those of 1925	7,927.34

Partnership section.—The following shows the work done by the partnership section during the year and the fees collected therefor:

117 articles of copartnership were examined and registered	₱3,696.50
129 powers of attorney, bills of sale, modifications of articles of copartnership, etc., were examined and registered	709.50
1 document showing increase in capital of a partnership was examined and registered	50.50
2 private merchants	21.00
3 certificates of entry	9.00
123 certified copies of partnership papers and certifications were issued	471.00
Total amount collected during 1926	4,957.50
Total amount collected during 1925	6,596.50
Decrease of 1926 collections from those of 1925	1,639.00

Patents and trade-marks section.—The following shows the work accomplished by the patents and trade-marks section during the year and the fees collected:

424 trade-marks were examined and registered	₱21,840.00
105 assignments of trade-marks were examined and registered	1,050.00
105 certified copies of United States letters patent were examined and registered	210.00
38 assignments of United States letters patent were examined and recorded	76.00
11 labels of trade-marks were examined	55.00
34 certified copies of trade-mark registrations were issued	165.50
8 documents not required by law to be registered	24.00
Total amount collected during 1926	23,420.50
Total amount collected during 1925	28,909.50
Decrease of 1926 collections from those of 1925	5,489.00

The total amount of fees collected in the legal division in 1926 is ₱51,612.50, an increase of ₱799.84 over that of 1925. It should be stated that in 1926 there were not as many trade-marks registered as in 1925. This accounts for the fact that our collection for the registration of trade-marks is not as big in 1926 as in 1925.

There were more partnerships registered in this bureau in 1926 than in 1925. Most of these companies have small capital. Consequently, as the above statement shows, the amount collected in 1926 for the registration of partnerships has also dropped.

With respect to corporations, it should be noted that the collection in 1926 far exceeds that of 1925. The reason for this is that last year there were more domestic corporations registered here than the previous year. Many of these

corporations have big capital stock. Besides, there were 17 foreign corporations licensed last year to do business in the Philippine Islands against 7 in 1925. Many of these foreign corporations are insurance companies with capital stock of over a million pesos.

NAVIGATION AND LIGHTHOUSES

Shipping section.—The following vessels were in operation during the year: Cutter *Apo*, cable ship *J. Bustamante*, cutter *Corregidor*, cutter *Basilan* (January 1 to May 20), cutter *Polillo* (May 20 to December 31), launch *Jolo*, launch *Ethel*, and one wooden scow.

These water crafts were used in the performance of the following duties:

1. Maintenance, inspection, and supplying of lighthouses, and the care and maintenance of buoys, beacons, and other aids to navigation.
2. Transportation of the Governor General and other high government officials.
3. The work of laying and maintaining the submarine telegraph cables.
4. The collection and segregation of lepers and transportation of the relatives of lepers visiting Culion.
5. The maintenance of steamship communications between places where sufficient and adequate steamship service is not maintained by private shipping firms.
6. The maintenance of fire launches.
7. The assistance of vessels in distress and protection of wrecked properties.
8. Maintaining the launch service in Manila for the Governor General and other branches of the government, including transportation service to employees of the marine railway and repair shops at Engineer Island.

Trips.—During 1926 the vessels operated by this bureau (excluding launches and scow) made 44 trips in all, of which 4 were for cable work, 17 for lighthouse inspection and construction, 2 for leper collection, 7 for the Governor General and the chairman of both houses of the legislature, 1 for general governmental purposes, 11 for commercial trips, and 2 under private charter. There were covered 68,625 nautical miles and touched 893 ports; there were carried 3,876 passengers, of whom 198 traveled under courtesy transportation, and 2,523,821 tons of general cargo, and consumed 6,068,089 tons of coal. The following comparative statement shows the number of trips made, ports touched, miles traveled, and days spent on the trips made by these vessels for the years 1924, 1925, and 1926:

	1926	1925	1924
Number of trips made	44	45	53
Number of ports touched	893	966	1,085
Number of miles traveled	68,625	82,290	79,090
Number of days spent on trip	628	672	767

The commercial routes to the Provinces of Palawan and Batanes have been maintained. The cableship, *J. Bustamante*, being the only boat suitable for the Batanes route, made three of the quarterly trips. No trip was made for the last quarter, as this vessel was used from November 18 to December 12 for the transportation of materials for the construction of a lighthouse at Tubbataha Reef, and upon her return she was engaged in cable work up to the end of the year. Four of the 12 monthly trips to Palawan were not made. These were the trips corresponding to February, June, October, and December, as the vessels assigned for these trips were either engaged in lighthouse work or under repairs. In June, however, the cableship *J. Bustamante* made the trip from Manila to Culion and return, under charter to the Philippine health service, carrying relatives of lepers. This trip partly answered the purpose for sending a boat to Culion for that month.

LIGHTHOUSE SECTION

New aids established.—During the year there were established new aids to navigation, as follows:

1. At Pitogo, Tayabas, one fixed red light, small lens lantern displayed from the church tower, was established on June 30, 1926.

2. At Glan, Mindanao, one fixed red light, small lens lantern located on the dock, was established on September 14, 1926.

3. At Liguan coal harbor, Albay Gulf, two third-class red nun buoys, marking the channel leading toward the wharf, were planted on June 6, 1926.

4. At Lauis Ledge, Cebu, one second-class red nun buoy, marking the edge of the 6½-fathoms shoal, was planted on February 14, 1926.

Discontinued aids to navigation.—The following aids to navigation have been discontinued during the year, they being no longer necessary:

The fixed red light, small lens lantern, at Lucena, Tayabas.

The fixed red light, small lens lantern, at Santa Cruz, Davao.

The rear range light, small lens lantern, at Agusan River, Mindanao.

The horizontal slat work forming a target 12 feet square and 57 feet above water at the harbor of Port Bolinao.

The two black-red-horizontal-striped-can buoys that marked the danger area near Pier 7, Manila.

At the end of the year the lighthouse service was maintaining a total of 416 aids to navigation, distributed as follows:

141 watched lights (of these, 135 used kerosene oil, and 6 are operated by electricity).
52 unwatched lights (of these, 47 are of the automatic acetylene type, and 5 are operated by electricity).
146 buoys.
77 beacons.

416 total aids to navigation.

MARINE RAILWAY AND REPAIR SHOPS

The year 1926 may be considered a busier year for the marine railway and repair shops than the year 1925. There has been a considerable increase in the number of work orders received, the number being 1,096 for 1926 as compared with 967 only for the preceding year. It is true that there was a slight decrease in the number of repairs of coast-guard cutters in 1926, but it is also true that the repairs undertaken during the year under review were more important. Counterbalancing this decrease is the fact that more important undertakings in lighthouse constructions were begun and finished during the year than those undertaken in previous years. The growing importance of some other items is also evident, there being a considerable increase in repairs of launches, motor boats, scows, automobiles, motor cycles and parts, and other miscellaneous undertakings that have almost doubled the number for the previous year.

While there has been a slight decrease in the number of work orders for the repair, maintenance, and construction of lighthouses—there being 142 this year as compared with 146 for the preceding year—yet the projects undertaken during the year under review were more important. The Philippine Legislature, under Act No. 3258, appropriated ₱375,000 for the construction of lighthouses. With this amount available for expenditure, we have been able to do really important lighthouse constructions, as shown elsewhere in this report. Among those that were benefited by this appropriation were the following lighthouses, for which concrete standard beacons were constructed:

Saluag Island light station.
Bantayan (Cebu) light station.
Catanauan (Tayabas) light station.
Catarman (Samar) light station.
Baclayon (Bohol) light station.
Castilla (Sorsogon) light station.

Not included in this list is the Tubbataha Reef Lighthouse, which has already been begun but is still unfinished. A dwelling house and two 700-gallon tanks are under construction and a half-mile channel has already been built to facilitate the transportation of materials and supplies to be used in connection with this project. Aside from the above, important general repairs were also made at the lighthouses at Capitancillo, Polo Point, Nogas, Tanguingui, Tagolo Point, Linao, Cape Bolinao, Cape Bojeador, Capones, and San Bernardino.

FINANCIAL STATEMENT

Expenses.—The expenses of the bureau during the year 1926, excluding the marine railway and repair shops, totaled ₱1,047,826.49. Compared with those of the previous year, these expenses show a decrease of ₱21,641.21, as shown below:

	1926	1925	Increase or (decrease)
Administration	₱85,990.49	₱93,208.44	₱(7,217.95)
Trade information service	152,044.72	144,429.32	7,615.40
Steamship service	606,919.98	635,361.04	(28,441.06)
Lighthouse service	202,871.30	196,468.90	6,402.40
Total	1,047,826.49	1,069,467.70	(21,641.21)

Income.—A comparative statement of the income of the bureau for the years 1925 and 1926 is given below:

	1926	1925	Increase or (decrease)
Incidental revenue:			
Fines and forfeitures	₱201.24	₱38.42	₱162.82
Mercantile register fees	48,238.50	45,522.46	2,716.04
Earnings and other credits:			
Service income—			
10 per cent surcharge on supplies sold	570.63	422.32	148.31
Fees for issuance of certified copies of articles of incorporation, etc	3,373.60	5,290.20	(1,916.60)
Operation of vessels	100,386.42	134,230.85	(33,844.43)
Income from rentals	62.00	45.00	17.00
Miscellaneous receipts	2,397.55	2,842.24	(444.69)
Sales of fixed assets	4,805.64	17,213.90	(12,408.26)
Credit adjustment prior year expense	16,247.29	9,280.87	6,966.42
Total	176,282.87	214,886.26	(38,603.39)

Income and expense of the marine railway and repair shops.—The following operation statement of the marine railway and repair shops shows a net gain of ₱11,808.69 for 1926. The net gain for the previous year was ₱4,026.37.

Income:			
Repair work—			
Service income		₱396,741.87	
Productive labor	₱152,657.25		
Supplies and material put in process	111,848.81		
		264,506.06	
Gross profit from repair work			₱132,235.81
Casting—			
Production account		₱12,912.45	
Productive labor	₱9,308.60		
Supplies and material put in process	4,751.89		
		14,060.49	
Gross profit from casting			(1,148.04)
Docking—			
Service income		₱12,863.05	
Productive labor	₱3,002.79		
Supplies and material put in process	408.99		
		3,411.78	
Gross profit from docking			9,451.27
Gross profit from repair work, casting, and docking			140,539.04

Expense:		
Administrative and factory expense—		
Salaries	₱15,402.73	
Wages	29,854.35	
Police uniforms	458.30	
Traveling expenses	57.91	
Postal, telephone, telegraph, and cable service	1,099.92	
Miscellaneous service	99.82	
Supplies and materials	12,073.67	
Illumination and power service	47,295.30	
Total administrative and factory expense		₱106,342.00
		34,197.04
Other income:		
Miscellaneous receipts	₱480.59	
Credit adjustment prior year expense	1,126.99	
Total other income		1,607.58
		35,804.62
Other expense:		
Maintenance of plant and equipment	₱16,689.21	
Depreciation of plant and equipment	7,306.72	
Total other expense		23,995.93
Total net profit		11,808.69

BUREAU OF LABOR

ORGANIZATION AND PERSONNEL

The bureau of labor is composed of six divisions, namely, administrative, legal and conciliation, inspection and statistics, interisland migration, marine and employment, and accounting.

The employment and recruiting agencies in the Provinces are closely correlated, by reason of their numerous duties, with the divisions above mentioned according to the nature of the activities.

During the year under consideration the total number of officers and employees authorized by Appropriation Act No. 3227 was 118, as in the previous year. At the close of business on December 31 there existed 12 vacant positions.

STRIKES AND OTHER INDUSTRIAL DISPUTES

The following table gives a summary of strikes and other industrial disputes during the last five years:

Year	Strikes and other industrial disputes			Number of workpeople involved	Causes of conflicts		Adjustment in favor of—	
	Total	Unionists	Non-unionists		Wages	Other causes	Workpeople	Employer
1922	24	19	5	14,956	19	5	7	13
1923	26	22	4	8,331	18	8	14	12
1924	20	15	5	6,784	13	7	12	8
1925	23	18	5	9,936	12	11	19	4
1926	27	24	3	7,279	18	9	16	11
Total	120	98	22	47,286	80	40	68	48

While the number of strikes during the year under review exceeds that of 1925, there is noted a marked decrease in the number of workers involved. Unlike the preceding year, the year 1926 saw strikes taking place not only in Manila but also in the Provinces.

Of the 27 strikes in 1926, 18 were caused, partially or wholly, by demands for increase in wages, 5 by reduction in wages effected by the employers, 1 by a petition for hearing before the imposition of fines or punishment, 2 by petition to discharge coemployees, 4 by undue or ill treatment accorded by employers to laborers, 8 by dismissal of coemployees by the management, 1 by a demand for uniformity in the distribution of materials among the workers, 1 by a petition for the recognition of local union, 1 because of the imposition of fines, and 1 due to attributing the mistakes or negligence of an employee to another.

The different strikes that occurred during the year under review affected, among others, 1 oil factory, 8 cigar and cigarette factories, 1 rope factory, 1 hat and umbrella factory, 2 slipper factories, 1 abaca exporter, 1 shoe factory, 1 printing establishment, 1 church building, 2 garages, and 1 steamship company.

The strikes covered periods of time varying from 1 day to 77 days. The strike declared by the laborers employed along the water front by the Compañia General de Tabacos de Filipinas at Cebu, Cebu, lasted only one day, while that involving the cigar workers of "La Flor de la Isabela" lasted 77 days.

In 1926, of the 27 strikes, 24 were declared by unionists and 3 by nonunionists, while in 1925 the numbers were 18 and 5, respectively, giving an increase of 6 in the number of strikes declared by unionists, or 33.33 per cent, and a decrease of 2 in those declared by nonunionists, or 40 per cent.

The most important strikes in 1926 are:

1. The strike affecting "La Flor de la Isabela," which involved 1,512 cigar workers, who sustained a total loss of 38,640 working days, or ₱30,912 in wages, while the factory suffered a total loss of ₱55,481.09, representing the profits which might have been earned.

2. The strike against "La Insular Cigar Factory," involving 371 male and 465 female workers, who sustained a total loss of 53,504 working days, or ₱43,803.20 in wages, while the factory suffered a total loss of ₱30,527, representing the profits which might have been earned.

3. The strike declared by those of the "Alhambra" and "La Flor de Intal," numbering 1,300 cigar workers, who sustained a total loss of 59,874 working days, or ₱47,899.20 in wages, while the factory suffered a total loss of ₱30,062.41, representing the profits which might have been earned.

4. The strike against "La Minerva," involving 370 workers, who sustained a total loss of 22,200 working days, or ₱17,760 in wages.

5. The strike in Gubat, Sorsogon, the strikers sustaining a total loss of 21,731 working days, or ₱23,904.10 in wages.

6. The strike declared by those employed by Smith Bell & Co. in Tacloban, Leyte, the strikers sustaining a total loss of 7,800 working days, or ₱13,650 in wages.

7. The strike in Tabaco, Albay, which involved 800 laborers, who sustained a loss of 46,400 working days, or ₱37,120 in wages.

8. The strike declared by the laborers employed by the commercial firms, Gutierrez Hermanos, Smith Bell & Co., Diaz & Co., and Ly Sing Jiap & Co., in Sabang, Camarines Norte.

As a result of the strikes, involving stoppage or suspension of work, the workers sustained a total loss of approximately 275,126 working days, or ₱258,949.57 in wages, as against 156,917 working days, or ₱187,617.40 in wages, lost in 1925, or an increase of 118,209 working days and ₱71,332.17 in wages, or 75.3 and 38.02 per cent, respectively.

No estimate has been made of the total loss suffered by the employers, but it is believed to be enormous.

AGRARIAN CONFLICTS

In controversies between landowners and their tenants (aparceros), the bureau of labor intervenes upon the request of both parties interested, or upon order by the Governor General or of the secretary of commerce and communications. During the year 1926 there were only four agrarian conflicts in which the bureau intervened—two in Tarlac, Tarlac, one in Bautista, Pangasinan, and one in Mariquina, Rizal. In general, the relations between landlords and tenants during the year 1926 seemed to have been cordial; no cases of agrarian strikes or crops set on fire had been registered, nor were there work animals killed or aggressions committed.

CLAIMS AND COMPLAINTS

Claims and complaints filed with the bureau of labor during the last five years follow:

Year	Claims and complaints	Claimants	Adjustment		Amount collected
			Favorable	Unfavorable	
1922	582	727	312	270	₱14,579.72
1923	769	1,652	379	390	21,371.54
1924	688	1,155	431	257	30,339.09
1925	615	1,371	365	250	19,209.63
1926	766	1,697	447	319	23,575.26
Total	3,420	6,602	1,934	1,486	109,075.24

The function of the bureau of labor in connection with claims and complaints involving payment of compensation for services rendered, money advanced by employers to laborers, and, in a few cases, for the recovery of personal effects and apparel, arising out of the relations between employer and employee, and master and servant, constitutes one of the most important activities of the bureau. Laborers and employees, through this activity, find a helping hand in the bureau for settlement of their claims against employers and masters, which otherwise would entail them considerable expenses were such claims brought to the courts of justice with the assistance of outside lawyers. In this service the bureau assumes first a judicial attitude. No action was taken on numerous claims which, in the opinion of the bureau, had no justifiable grounds. Big and small claims were given the same consideration.

Claims involving money, either as wages due or money advanced, amounted to ₱62,710.93, of which ₱23,575.26 have been collected and placed in the hands of claimants, whose cases numbering 447 were decided in their favor. The amount of money collected for the claimants in 1926 exceeds that in 1925 by ₱4,365.63.

The increase may be attributed to the greater number of cases decided in favor of the claimants as compared with that of 1925. The amount involved in the claims, numbering 319, decided against the claimants or dismissed for lack of evidence substantiating their allegations, is ₱39,135.67.

The services of this bureau is availed of not only by Filipino laborers but also by Americans and others. Of the total number of claimants (1,091), 1,049 were Filipinos, 32 were Americans, and 10 were of other nationalities. Of the total number of claimants reported 818 were common laborers, 95 employees, 43 chauffeurs, 38 carpenters, 25 waiters, 15 artists, 11 cooks, and the rest (46) were of other occupations.

INDUSTRIAL ACCIDENTS

The following table shows the number of accidents settled through the intervention of the bureau of labor, the victims classified according to the degree of the injury, number of victims indemnified or unindemnified, and the total amount collected as grants, donations, gratuities, or indemnities received from employers.

Year	Number of accidents	Number of victims				Adjustments		
		Degree of injury			Total	Indemnified	Unindemnified	Amount collected
		Temporarily	Perpetually	Fatal				
1922	417	385	17	69	469	149	320	₱9,036.22
1923	343	298	5	86	389	196	193	12,471.46
1924	500	437	31	61	529	214	315	11,404.81
1925	430	390	15	48	453	247	206	21,706.03
1926	447	390	19	104	513	202	118	11,260.89
Total	2,137	1,900	87	368	2,353	1,008	1,152	65,879.41

The foregoing table shows that, during the year under review, 447 accidents took place in different centers of labor in Manila and in the Provinces with 513 victims, as against 430 accidents with 453 victims in 1925, or an increase of 17 and 60, respectively. Out of the 513 victims, 390 were slightly injured, 19 were permanently disabled, and 104 died of physical injuries. While the number of deaths in 1925 was only 48, in 1926 104 victims of accidents died, or an increase of 56, or 117 per cent.

It is to be regretted that the present Act No. 1874, commonly known as the employers' liability act, as supplemented by Act No. 2473, does not compel or require an employer to report any labor accident occurring in his establishment and penalize him for his failure to do so. So far, the sources of information availed of by the bureau are the reports received from the police department of the city of Manila, information obtained through the newspapers, and of the municipal presidents in the Provinces; but it is evident that many accidents occurring in remote districts in the Provinces are not reported, thus making the records incomplete. In the inspection of centers of labor our inspectors have discovered cases of labor accidents which have not been reported to the bureau.

Through amicable means the bureau of labor succeeded in securing financial aids or indemnities for those who were injured in the performance of their duties. Out of 513 victims of accidents during 1926, 202 were indemnified in the amount of ₱11,260.89, which amount was turned over to the victims themselves or, in case of death, to their nearest relatives or heirs. In some cases, where the employers refused to grant financial aids or indemnities to victims in spite of amicable negotiations, the attorney of labor had to take the matter to court. The 49 accidents involving 58 victims which were pending in 1925 were settled in 1926, and the amount of ₱9,815.18 was collected as indemnities from the employers. This amount having been added to that collected in 1925 as indemnities, as shown in the foregoing table, is not included in the ₱11,260.89 collected during 1926. During the year under review, 142 accidents with 193 victims were pending.

As to industrial groups, land and water transportation, wharf, etc., registered the greatest number of accidents which was 108 with 118 victims of whom 11 died; while in 1925 building and construction registered the greatest number of accidents which was 114. The greatest number of fatalities, which was 34, occurred in the wood, furniture, sawmill, and lumber yard group; whereas in 1925 the number of deaths under this group, which was also rated as the highest during the year, was only 14, or an increase of 20 deaths, or 142.8 per cent. In engineering and metal works, 71 accidents with 85 victims resulted in the death of 12 thereof, while in mining, quarrying and other stone works, 11 died out of 22 victims of 17 accidents. In building and construction, 5 died, 91 were slightly injured and 4 permanently disabled as a result of 92 accidents. The food, drinks, tobacco, etc., group registered 9 deaths out of 28 accidents. In government activities, 47 accidents took place with 59 victims, 16 of whom died.

Manila had the greatest number of accidents numbering 269 with 282 victims. As in the case of the year 1925, the Provinces of Negros Occidental and Rizal came next in their order with 52 and 33 accidents, respectively, and the remaining number of accidents occurred in 24 other Provinces.

Classifying accidents by occupations, the laborers met 238 accidents with 280 victims; machinists and engineers, 27 accidents with 29 victims; carpenters, 19 accidents with 21 victims; linemen, 18 accidents with 19 victims; mechanics, 14 accidents with 16 victims; foremen, 11 accidents with 13 victims; conductors, 10 accidents with 11 victims; and groundmen, 10 accidents with 10 victims; and the remaining accidents were distributed among 25 other occupations.

The following causes are most common: 103 accidents were caused by stepping upon, or striking against, objects; 85 by falling objects; 38 by fall of persons; 26 by machinery; 31 by handling objects; 27 by cars and engines; 23 by hand tools; 19 by falling objects (mines and quarries); 16 by watercraft; 15 by motor vehicles; 14 by electricity; and the rest by various causes.

INSPECTION OF CENTERS OF LABOR

The functions of the bureau of labor, in connection with factory inspection, may be classified into three distinct heads:

1. Activities with respect to the security of the health and lives of laborers.
2. The acquisition and collection of labor information of all kinds.

3. The enforcement of special legislative enactments, such as Act No. 3071 and Act No. 2549, as amended by Act No. 3085, etc.

During the year under consideration, 15 Provinces including the city of Manila were inspected, 90 municipalities having been surveyed. The number of centers of labor visited may be classified as follows:

	Establishments	Laborers
Factories and workshops	1,825	59,602
Mercantile establishments	378	4,243
Agricultural	294	19,786
Inspection of machineries	152	1,485
Inspection re women and children	246	8,861
Compliance visit and reinspection	350	----------
Total	3,245	93,977

The following table shows the comparative statement of the regular inspection by the bureau of labor during the last five years:

Year	Total		Industrial establishments		Mercantile establishments		Plantations or haciendas	
	Centers of labor	Work-people employed	Number	Work-people employed	Number	Work-people employed	Number	Work-people employed
1922	5,700	78,658	3,874	46,903	1,263	6,755	561	25,000
1923	1,321	58,192	1,073	44,728	201	2,345	47	11,119
1924	2,048	73,121	1,765	65,042	171	2,671	112	5,408
1925	2,821	69,881	2,445	60,418	329	6,067	47	3,396
1926	3,245	93,977	2,573	69,948	378	4,243	294	19,786

As may be seen from the foregoing table, a total of 3,245 centers of labor were inspected in the regular tour of inspection during the year under review, as against 2,821 for 1925, or an increase of 15 per cent. No mention has been made of the number of special inspections and investigations, which covered 420 centers of labor including vessels of all description and embracing 13,578 laborers, which figures bring up the grand total centers of labor visited to 3,665, employing 107,555 laborers.

Woman and child labor.—During the year under review, a total of 246 establishments, employing 9,605 women and 1,017 minors, were visited as against 130 in 1925, employing 6,201 women and 1,008 minors, or an increase of 116 establishments. The decrease proportionally in the number of minors indicates a decline in the number employed, despite the fact that the inspection for 1926 nearly doubles that of 1925. It is interesting to note that, in the second inspection made in Manila, all the minors possessed copies of their birth certificates, while those who failed to secure theirs quit work or were discharged by the management. Thirty minors in Malabon who possessed no copies of birth certificates were scheduled for another inspection early this year. During the year under review, 142 minors called at the bureau and were investigated. Those who showed justifiable causes were granted temporarily permits ranging from 15 to 45 days within which to secure copies of ther birth certificates. Minors born in the Provinces were given the maximum period of extension. Of those who were granted temporary permits, 108 were able to secure birth certificates, while 17 left the factory voluntarily due, presumably, to their inability to secure their birth certificates. The remaining 17 were helped by the bureau to secure copies of their birth certificates in the Provinces by communicating with the municipal officials concerned, although only in nine cases were the results favorable. The birth certificates of 466 minors were returned to them, for the reason that they have already completed the age of 18 years and are no longer coming under the provision of section 4 of Act No. 3071.

The rooms where they were employed were found clean and well ventilated with few exceptions. The big factories were provided with dressing rooms for women and girls. Most of the laborers prefer to take their meals in nearby restaurants or carinderias. Drinking water, lavoratories, and separate closets for men and women were provided. The provision of the law requiring posters in conspicuous places stating the hours of labor of minors under 16 years old has been complied with.

Emphasis is placed in the provision of the law requiring protection and facilities for women. Those who work near parts of machines are required to use short-sleeved camisas, caps, and to have their hair properly done in order to prevent these from being caught by moving machines. An accident took place recently in an ice plant in Baguio where a girl was the victim. She came to see her father who is the mechanic of the plant. While she was passing between moving belts her hair was caught resulting in her death a few hours later. Another case was that of an old woman employed in the Katubusan cigar factory whose hair was caught and pulled off entirely by a moving gear. Much has been done to improve the working conditions of laborers employed in factories as result of the inspections.

INSPECTION OF MACHINERY

During the year under review, a total of 152 establishments with machinery installed and employing 1,485 laborers were inspected with a view to preventing accidents as against 450 establishments in 1925, or a decrease of 298 establishments. The machinery installed in these establishments consisted of 12 steam boilers, 6 steam engines, 94 electric motors, 8 crude oil engines, 4 oxygen tanks, and 5 acetylene tanks. Of the 152 establishments inspected, 150 have been found satisfactory while 2 had machinery which required improvement in the protective appliances, which was done.

Special investigations each requiring several days were conducted among other centers of labor to see whether defective machinery and other working processes which endanger the lives of laborers existed.

INTERISLAND MIGRATION MOVEMENT

The following table shows the number of emigrant homeseekers recruited and shipped by the bureau of labor to sparsely populated regions during the last five years:

Year	Total	Emigrant home-seekers	Members of family	Expenses incurred
1922	762	177	575	₱13,647.21
1923	988	229	759	14,522.72
1924	934	193	741	13,880.26
1925	962	213	749	14,346.95
1926	1,561	337	1,224	27,010.50
Total	5,207	1,149	4,058	83,407.64

During the year under review a total of 1,561 homeseekers, including members of family, were recruited and shipped by the bureau of labor, particularly to Mindanao and Mindoro, registering an increase of 599 as compared with those of 1925. This increase is due to the greater amount of appropriation for 1926, in the sum of ₱30,000, which was made available for transportation, subsistence, and quarters. Of this amount, ₱27,010.50 was expended, or at a cost of ₱17.30 per capita, as against ₱14.91 for 1925, and ₱14.86 for 1924. The variation in the per capita expenditure does not indicate any measure of economy or otherwise, as the origin of homeseekers—that is, the place where they were recruited—determines the outlay per head.

The following table shows the destinations of homeseekers recruited and the expenses incurred for their transportation, subsistence, and quarters during the fiscal year 1926:

Destination	Total	Homeseekers	Members of family	Transportation, etc., expenses
Cotabato	1,121	229	892	₱21,395.00
Mindoro	248	58	190	2,280.00
Zamboanga	52	11	41	1,161.50
Davao	39	9	30	878.00
Camarines Sur	29	17	12	405.00
Lanao	20	4	16	160.00
Agusan	17	4	13	230.00
Bukidnon	14	3	11	171.00
Surigao	13	1	12	270.00
Albay	8	1	7	60.00
Total	1,561	337	1,224	₱27,010.50

FREE EMPLOYMENT AGENCIES OF THE BUREAU OF LABOR

Workers of different occupations registered and placed, or for whom employment was secured, by the bureau during the last five years are shown in the following table:

Year	Registration	Placement	Per cent.
1922	5,814	4,018	69.4
1923	5,809	5,326	91.7
1924	4,673	4,246	90.9
1925	5,106	4,469	87.5
1926	3,879	3,208	82.7
Total	25,281	21,267	84.4

The bureau of labor has five free employment agencies located in Manila, Cebu, Iloilo, Albay, and Occidental Negros. In other Provinces there are also agents who, aside from their regular duties of recruiting homeseekers, attending to cases of accidents, claims and complaints, investigation and settlement of strikes, and other industrial disputes and agrarian conflicts, etc., attend to the registration and placement of laborers and domestic servants.

During the year under consideration 3,879 workers of different trades or occupations, including domestic help, were registered in the employment agencies of the bureau. Out of this number, 3,208, or 82.7 per cent, were placed or employed. Comparing the registration and placement during the year under review with those for 1925, which were 5,106 and 4,469, respectively, corresponding decreases of 1,227 and 1,261 are noted.

UNEMPLOYMENT

The figures for the year 1926 secured from the officials of labor organizations throughout the islands show that 68 labor unions had a total membership of 38,497, of whom 30,997, or 80.5 per cent, were employed and 7,500, or 19.5 per cent, were out of work. Besides these unions, 19 mutual benefit societies, with a total membership of 10,315, reported. No returns were received from 10 labor organizations in the city of Manila and 42 labor organizations in the Provinces with a total membership of 23,238. Likewise, no returns were received from 45 mutual benefit societies throughout the islands having a combined membership of 82,947. Returns from 48 labor organizations in the city of Manila were received showing that, of their total membership of 28,145, 23,931, or 85 per cent, were employed and 4,214, or 15 per cent, were unemployed. Returns from 20 labor organizations in the Provinces show a total membership of 10,352 persons, of whom 7,066, or 68.26 per cent, were employed and 3,286,

or 31.74 per cent, were unemployed. The "Union de Marinos de Iloilo" had the highest percentage of unemployment among the labor unions in the Provinces, and, as in the case of previous years, the Seamen's Union also suffered the highest percentage of unemployment among the labor unions in Manila.

EMBARKATION AND EXECUTION OF CONTRACTS OF SEAMEN

The following table shows the number of execution of contracts and the embarkation of seamen during the last three years:

Year	Contracts		Embarkation (seamen)		Total
	Number	Collection	New	Renewal	
1924	659	₱227.55	90	23,547	23,637
1925	606	192.60	12	21,576	21,588
1926	635	226.95	34	24,465	24,499
Total	1,900	647.10	136	69,588	69,724

During the year under review 635 contracts of 24,499 seamen were executed with the intervention of the bureau, of which 24,465 were renewals and 34 new embarkations, as against 21,576 and 12 for the year 1925, or an increase of 2,889—13.38 per cent and 22—183.33 per cent, respectively. The amount of ₱226.95 was obtained from the sale of shipping articles in the execution of the contracts. Care should be taken in using these figures for statistical purposes, because they merely represent the actual number of embarkations made as per contracts formalized, regardless of the number of times the individual seaman might have been embarked during the year. The contracts were frequently renewed due to the desire of shipowners to get rid of undesirable men without much inconvenience. The average duration of contracts is from one round trip to three months at the request of the shipowners.

During the year under consideration 496 seamen's certificates were issued.

FILIPINO LABORERS EMIGRATING TO AND RETURNING FROM THE TERRITORY OF HAWAII

The following tables show the number of Filipino emigrants to and returning from the Territory of Hawaii during the last five years:

Emigrants to Hawaii

Year	Total	Males	Females	Minors
1922	8,183	7,291	530	362
1923	7,261	4,520	1,797	944
1924	9,869	8,171	1,116	582
1925	6,519	6,104	256	159
1926	3,356	2,977	160	219
Total	35,188	29,063	3,859	2,266

Emigrants returning to the Philippines

Year	Total	Males	Females	Minors
1922	1,593	1,309	81	203
1923	1,496	1,226	112	158
1924	2,195	1,730	204	261
1925	2,754	2,183	264	307
1926	3,390	2,562	348	480
Total	11,428	9,010	1,009	1,409

It should be noted that not all the Filipino emigrants to Hawaii during the year 1926 were recruited and shipped by the Hawaiian Sugar Planters' Association. Those who voluntarily left for Hawaii, paying their own passage, numbered 1,294 males, 3 females, and 123 minors, making a total number of 1,420 emigrants. Induced by private recruiting agents and attracted by the seemingly prosperous conditions of their townspeople who have emigrated to Hawaii, many left their homes in order to seek their fortune abroad.

Those recruited and shipped by the Hawaiian Sugar Planters' Association number 1,936 persons, of whom 1,683 were males, 157 females, and 96 minors. One thousand six hundred and eighty-three contracts of Filipino laborers recruited and shipped by the Hawaiian Sugar Planters' Association were supervised and examined by the bureau of labor during the year under consideration. Those who paid their own passage did not execute any contract before their departure. Adding together those who left the islands voluntarily and those who were sent by the association, there was in 1926 a total of 3,356 emigrants. Comparing this number with that for 1925, which was 6,519, a decrease of 3,163, or 48.5 per cent, has been registered. Decreases are likewise noted in the number of male and female adults. The minors, however, slightly increased. The diminution in the number of emigrants was attributed to the existence in Hawaii of a sufficient number of farm hands to supply the needs of the different plantations. A great number of Filipinos were found by the director of labor out of employment in the city of Honolulu alone during his last inspection in the Territory of Hawaii.

COST OF LIVING

A comparative statement of the changes in the prices of commodities of prime necessity is published every 15th of the month for the purpose of informing the public in general, and particularly the laboring class, of the periodical changes in the cost of foodstuffs. This, however, represents only one of the five items that enter in the cost of living of a family, namely, food, clothing, housing, fuel, light, and sundry. Taking all these items into consideration, the per diem cost of living of skilled and unskilled laborers, married and single, has been investigated, and the result is revealed in the following table:

Class of laborer	1925	1926
Skilled laborer (single)	₱1.37	₱1.40
Skilled laborer (married)	2.44	2.46
Common laborer (single)	.94	1.04
Common laborer (married)	1.74	1.94

FINANCIAL STATEMENT

Act No. 3227 appropriated ₱173,234 for the expenditure of the bureau of labor during the fiscal year 1926. This amount, compared with the total expenditure during the year 1925, which was ₱150,406.81, shows an increase of ₱22,827.19, or 15.12 per cent. This increase may be accounted for by the fact that slight increases have been registered in all items of expenditures, except in salary and expenses of the resident labor commissioner in Hawaii.

During the year under review the receipts of the bureau for license fees, forfeitures, and miscellaneous services were ₱91,632.92, as against ₱11,232.78 for 1925, or an increase of ₱80,400.14, or 715.76 per cent. This increase was due largely to the increases registered in the items of "Fines and forfeitures" and "Credit adjustment prior years' expenses." If the receipts from license fees and other miscellaneous services were deducted from the total expenditure the total outlay of the bureau would be ₱81,601.08 only.

BUREAU OF COAST AND GEODETIC SURVEY

Commander R. B. Derickson, the present director, assumed office on May 28, 1926, relieving Commander H. A. Seran, who had served in the same position since March 12, 1924.

The personnel is composed as follows:

Summary of personnel	Americans	Filipinos	Total
Office	12	53	65
Ship Pathfinder	8	70	78
Steamer Fathomer	7	50	57
Steamer Marinduque	7	50	57
Total	34	223	257

A comparison of the modern charts of the islands with a collection of 136 Spanish charts and the Derrotero del Archipielago Filipino that were available when field work was first begun in 1901 shows relative agreement in the general location of the islands and local displacement in details of the shore line. The old hydrographic surveys were not connected by a general system of triangulation as they are to-day, each area being a separate unit connected only with other surveyed areas by reconnoissance and estimated distances, while large areas were barely explored at all and, consequently, large discrepancies occurred.

The modern surveys are now shown on 144 published charts and described in two volumes of Sailing Directions issued for the benefit of mariners.

One of the important accomplishments of this bureau is the completion of a network of triangulation, based on astronomical longitudes, latitudes, and azimuths from Northern Luzon to the south end of the Sulu Archipelago, establishing on each island a sufficient number of points for the coordination of all detached projects of both inland and coastal surveys. This work is now being extended through the Cagayan Valley in cooperation with the bureau of lands.

The following have been established as foundation for all surveys:

Astronomical latitude and longitude stations	50
Astronomical azimuths	52
Magnetic stations for the determination of the declination and dip of the needle	363
Gravity stations to determine deflections of the plumb line	4
Tide stations for the reduction of soundings	572
Current stations to determine the forces, duration, and direction of the tidal currents	42

FIELD PARTIES

The "Pathfinder."—This steamer has been undergoing extensive repairs at Manila and at Canacao, receiving new boilers and equipment for work among the islands north of Luzon. During this period the officers and crew accomplished revision work in Manila Bay, and particularly in Manila Harbor, where all improvements subsequent to the last edition of the chart were located and certain areas of the harbor dragged for small obstructions which were successfully located and chartered.

The "Fathomer."—This steamer was engaged upon combined operations in the Sulu Sea January 1, 1926, and at Manila from February 1 to May 8, undergoing repairs and overhauling. Current observations were made in San Bernardino Strait. From May 12 to June 12, excellent results were obtained. Information regarding tidal currents has been in great demand, and the recently completed computations and publications of tidal currents in San Bernardino Strait are a valuable contribution to the safety of navigation.

The "Marinduque."—The *Marinduque* has been employed on hydrographic and topographic survey work in the vicinity of Tawi-tawi during the year and has made excellent progress, having extended the surveys from the southwest end of Tawi-tawi to the Kinapusan Islands.

The field operations since the beginning up to December 31, 1926, comprise the following total figures:

Triangulation	square miles	160,498
Topography shore line	miles	18,139.6
Hydrography	square miles	215,984.7
Number of soundings		6,716,416

During the year under review the field parties accomplished this work:

Triangulation	square miles	2,492
Topography shore line	miles	272.6
Hydrography	square miles	28,799.7
Number of soundings		167,635

Manila has been selected as one of the first-order stations for observations in connection with the world longitude determination, and an officer of the United States Coast and Geodetic Survey was sent out from Washington especially for this work. The local time observations were made on stars selected from the list in the American Ephemeris, and radio time signals were received from Saigon, Honolulu, and Nauen, Germany, at the local coast and geodetic survey's observatory at Fort McKinley. Observations were carried on during October, November, and December. Gravity observations were also made at the observatory and at the Manila office.

FIELD STATION

Consideration has been given to the proper conduct of the Manila field station to expedite the field work and to properly function in the production of charts and nautical information. While the main concern is the advancement of the field work, the furnishing of charts, and nautical information, and the work of the geographical division form a large part of the office output. This work is performed with thoroughness and efficiency, and I am pleased to report that its value is recognized and appreciated by the public.

DRAFTING DIVISION

The work of this division, which includes the smooth plotting of hydrographic sheets and inspection of all hydrographic data used in the construction of charts and revision of old charts, has continued without interruption.

In addition to the work of compiling chart information from the completed field work, projections are prepared and forwarded to the field parties as they are needed. Miscellaneous service has also been extended to the public, principally to other government bureaus and institutions under government supervision, in the way of furnishing geographic data, tracings, etc.

All chart construction when completed, new prints, and editions are sent from this division to the press. The accomplishment during the past year has been highly satisfactory.

COMPUTING DIVISION

The following important pieces of work have been completed:

The adjustment of the main scheme of the triangulation of the north coast of Luzon and west coast of Panay.

The adjustment of the main scheme of the triangulation of the south coast of Panay and the circuit around Guimaras Island have been completed.

The work of reducing tide records and soundings has been kept closely up to date.

Duplicates of all magnetic records have been made.

Description of 142 triangulations were copied and furnished the bureau of lands.

A nonharmonic analysis was made of the current data obtained by the *Fathomer* in San Bernardino Strait.

Four hundred and thirty-one accessions of field records were added to the files.

CHART DIVISION

The work of this division has been carried on satisfactorily. The division has charge of chart corrections, coast pilots and notices to mariners, the sale of charts and all publications. It furnishes to the maritime public charts corrected to date and issues nautical information to the public. The stock of Philippine charts was maintained at both Washington and Manila. Orders for printing new charts and new editions are prepared in this division.

PHOTOLITHOGRAPHIC DIVISION

In this division are printed all the charts and also maps of the geographical division. The photographic reproduction of smooth drawings continues to give

satisfaction and the quantity and quality of the work turned out meet all requirements. The division has been cramped for storage space, but the condition was relieved to considerable extent by the construction of a paper-storage room as an intermediate floor over the rear corridor.

GEOGRAPHICAL DIVISION

The Philippine Islands topographic maps are prepared in this division. The work is carried on under the joint supervision of the chief of the drafting division and the chief of the chart division. This division was engaged principally in the compilation of topographic maps covering areas for which maps have not yet been published. A considerable amount of hand correction work to maps published a number of years ago is always at hand. It is planned to publish new editions of these old maps as soon as the present edition is exhausted, thus leaving the division free for preparation of maps covering areas for which maps have never been printed and for which the need of maps is demonstrated by the many calls for them by government offices and the public. Tracings for a number of these maps to be revised are already under way.

FINANCIAL STATEMENT

The total expenses of all kinds met by the bureau since its organization amounted to ₱13,763,181.89, ₱8,194,815.78 of which was paid by the United States Government and ₱5,568,366.11 by the government of the Philippine Islands.

The expenditures incurred by the bureau for this year amounted to ₱154,837.49, of which ₱44,028 12 was paid by the United States Government and ₱110,809.37 by the government of the Philippine Islands.

The receipts for the sale of maps during the year totaled ₱2,169.80.

BOARD OF EXAMINERS FOR CIVIL ENGINEERS

The year commenced with Messrs. Ambrosio Magsaysay, Paul W. Mack, and Luis Francisco serving on the board. Upon the resignation of Mr. Magsaysay, Mr. Mamerto Cruz was appointed on November 16, 1926, to succeed him, to take effect as of October 16, 1926. The year closed with Mr. Luis Francisco as chairman, Mr. Paul W. Mack as secretary-treasurer, and Mr. Mamerto Cruz as third member of the board.

Out of the 31 applicants examined during the year 17 successfully passed and were given civil engineer's certificates.

There were received 21 applications for certificates without examination, of which 10 were approved and granted.

For examination fees and issuance of certificates there were collected the amounts of ₱930 and ₱250, respectively, making a total income of ₱1,180. The expenditures up to December 31, 1926, amounted to ₱472.54.

BOARD OF EXAMINERS FOR MECHANICAL ENGINEERS

There was no change in the composition of the board. The year began and ended with Messrs. Jose A. V. Corpus as chairman, Clemente Hidalgo as secretary-treasurer, and Juan Piedad as third member, all having been reappointed for another year.

A total of 14 certificates were issued by the board during the year, of which 12 were granted to persons who passed the examination and 2 to persons who were qualified without examination under Act No. 2985, as amended.

For examination fees and issuance of certificates the board collected ₱480 and spent ₱507.08 for per diems, circulation service, labor, materials, and notices.

BOARD OF EXAMINERS FOR ELECTRICAL ENGINEERS

Messrs. W. H. Rudisill, G. M. Kamantigue, and Irwin McNiece composed the board when the year began. Mr. B. W. Brooks was appointed on July 8, 1926, vice Mr. W. H. Rudisill, who had gone to the United States. Upon the resignation of Mr. Kamantigue, Mr. Ciriaco Coronel was appointed to succeed him, effective December 24, 1926. The year ended with Mr. McNiece as chairman,

Mr. Coronel as secretary-treasurer, and Mr. Brooks as third member of the board.

During the year the board collected ₱240 for examination fees and issuance of certificates and spent ₱470.12 for per diems, advertising, stationery, stamps, etc. Six applicants were examined and four passed. Four applications for certificates without examination were approved during the same period.

BOARD OF EXAMINERS FOR ARCHITECTS

Messrs. A. Gabler-Gumbert as chairman, Cheri Mandelbaum as secretary-treasurer, and Carlos A. Barretto as third member, served on the board throughout the year.

During the same period the board collected ₱30 as examination fee and ₱70 for seven certificates of Maestro de Obras and spent ₱502.37 for per diems, postage, materials, and publication of examination notices.

BOARD OF ACCOUNTANCY

The members composing the board are Mr. W. W. Larkin, president; Mr. D. T. Dikit, secretary-treasurer; and the Hon. Vicente Carmona, the same as in 1925. Each has been reappointed for the full term of three years.

Five persons, among whom was Mr. John F. Forbes, president of the California State board of accountancy, were granted certificates of registration as certified public accountants, without examination, under section 11 of Act No. 3105, as amended by Act No. 3264, while 40 persons were given certificates of registration as public accountants under the provisions of section 12 of the same act, as amended.

Of the 22 candidates who took the examinations given on December 13, 14, and 15, 1926, only nine successfully passed in all the subjects and were, therefore, granted certificates of registration as certified public accountants.

During the year one regular meeting was held and five special meetings were called.

The statement of income and expenditures for the year ended December 31, 1926, compared with the same period of last year, follows:

	Dec. 31, 1926	Dec. 31, 1925
Expenditures:		
Operation expenses—		
Salaries and wages	₱2,340.00	₱750.00
Salaries (emergency)	300.00	279.09
Traveling expenses of personnel	1.80	2.20
Postal, telegraph, telephone, and cable service	16.62	5.96
Miscellaneous service	50.00	62.84
Consumption of supplies and materials	94.06	136.69
Printing and binding reports, documents, and publications	100.00	----------
	2,902.48	1,236.78
Outlays—Furniture and office equipment	168.00	186.10
	3,070.48	1,422.88
Income: Examination and renunciation fees	6,140.00	840.00
Excess of income over expenditures	3,069.52	(582.88)

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